

# Findings From The 2002 Wave Of e-file Taxpayer Attitudinal Tracking Research

*IRS Task 153*



Prepared for

*The Internal Revenue Service  
and  
Cossette Post Advertising*

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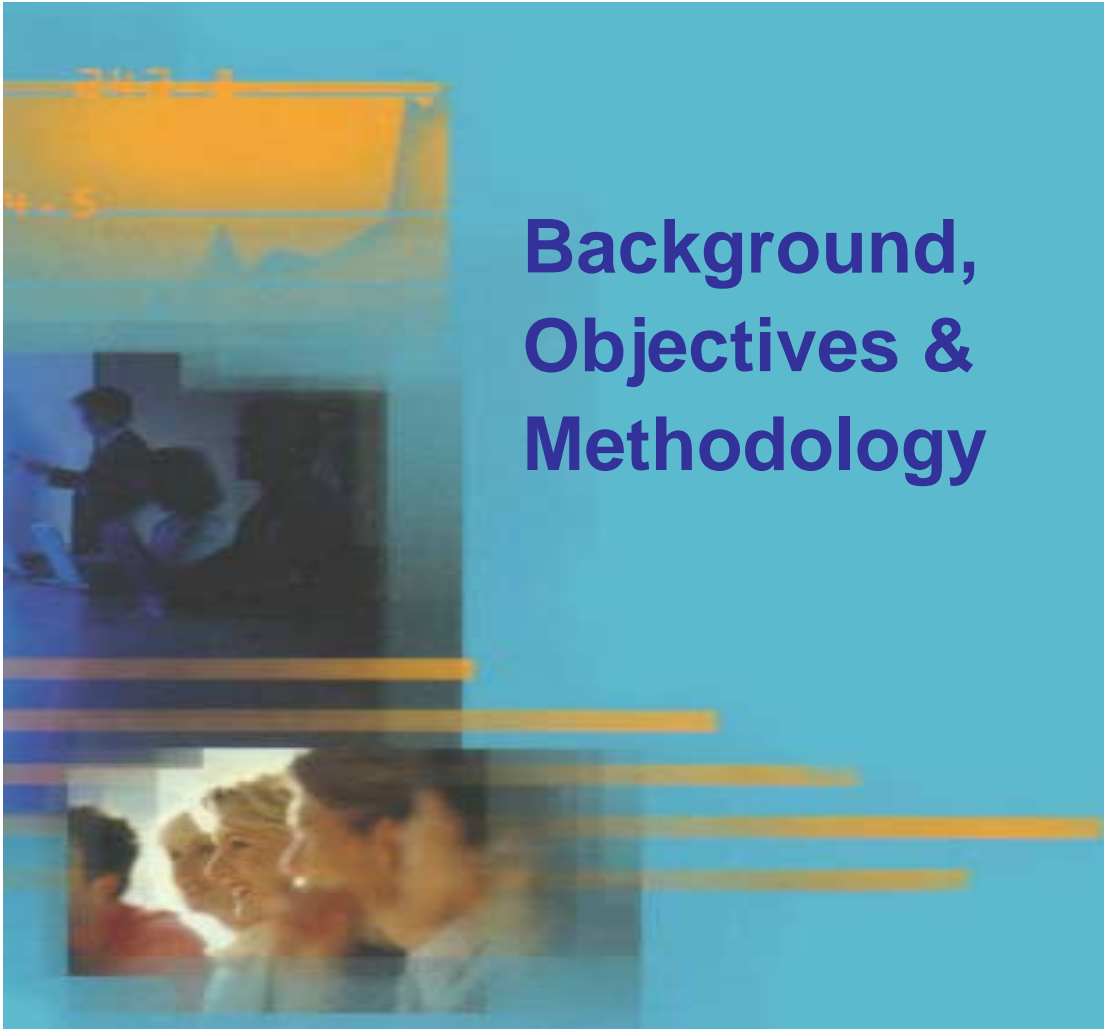
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## Background, Objectives & Methodology

## Research Background & Objectives

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- In 1997, the IRS' Electronic Tax Administration initiated an annual Attitudinal Tracking Study to provide and update information that can be used by ETA in making resource allocation decisions that influence practitioner information and public acceptance of ETA products/programs.
- The specific objectives of the Attitudinal Tracking Study are to:
  - Secure Taxpayer attitudes and behaviors and use these to separate the Taxpayer universe into distinct, addressable segments.
  - To determine year-to-year changes in the size and composition of the Taxpayer segments.
  - To update, each year, ETA's understanding of Taxpayer attitudes toward/usage of technology -- especially as it relates to meeting tax obligations.
  - To determine year-to-year changes in segment awareness and usage of ETA products.
  - And to update learning each year about the media habits of the segments.

## Background & Objectives (Cont'd.)

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- The Benchmark Wave was conducted in March 1998 and yielded four Taxpayer attitudinal segments, which we have tracked each year since. These segments lie along a *tech leader-to-tech follower* continuum similar to the *innovator-to-laggard* continuum of product adoption theory. The 4 attitudinal segments are:

*Tech  
Advanced*      *Pressured  
Tech  
Users*      *Experimental  
Hesitators*      *Tech  
Challenged*

- In addition, in an effort to “marry” the data collected in this study with hard IRS data, two questions were asked (starting with the 2000 wave) to capture four Taxpayer behavioral segments in which ETA is also interested. The 4 behavioral segments are:

*Self  
Simple  
Filers*      *Self  
Complex  
Filers*      *Paid  
Simple  
Filers*      *Paid  
Complex  
Filers*

## Methodology

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- **Each wave of the study is conducted...**
  - In the late-February-to-early-April period (this year, February 18 to March 13).
  - Each wave is conducted by telephone from RMR's New Jersey research center.
  - It consists of a nationally & regionally--representative sample of 1,000 Taxpayers.
  - With Taxpayers drawn from a random digit sample of U.S. households.
  - To qualify, Taxpayers have to be...
    - Ages 18-64
    - Employed
    - And must have filed taxes in the previous tax year (in this case, 2001).

## Guide To Statistical Notation & Graphic Highlighting

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- In the report of findings from the 2002 wave that follows, differences between this wave and the previous wave have been highlighted as follows:
  - Indicates that 2002 data is significantly higher than 2001 data at a 95% confidence level.
  - Indicates that 2002 data is significantly lower than the 2001 data at a 95% confidence level.

In addition, patterns in data are highlighted using a dotted line.

## **Analytical Roadmap**

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Key findings have been divided into sections, presented in the order shown below:

**Taxpayer Technology Attitudes & Usage**

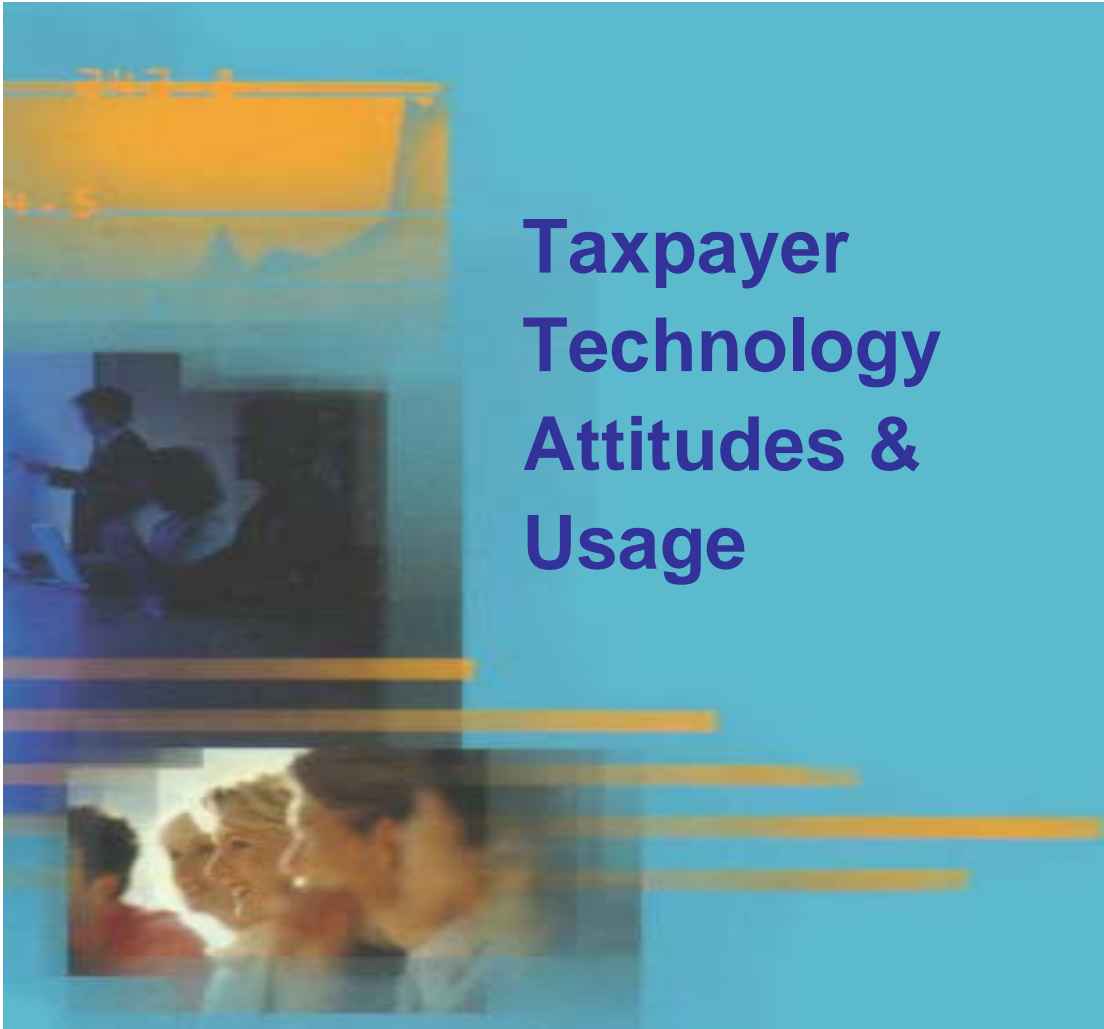
**Taxpayer Awareness, Usage & Consideration Of ETA Products**

**Changes In The Attitudinal Segments**

**Analysis Of The Behavioral Segments**

**Summary & Conclusions**





# Taxpayer Technology Attitudes & Usage

## Taxpayer Attitudes Toward Technology

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- The attitudinal segmentation that is the heart of this study is based on Taxpayer ratings of statements describing their attitudes toward technology (as well as usage of technology and psychographics). About half of the attitudinal statements represent *acceptance of technology* (the “tech leader” statements) and about half represent *resistance to technology* (the “tech laggard” statements).
- We look at ratings for each statement on a stand-alone basis each year to see specifically where attitudinal changes are occurring.
- Overall, the 2002 attitudinal ratings show that...
  - While there is still some public ambivalence toward technology,
  - The long-term trend is still clearly toward increasing acceptance of technology.

**How do we know this?** From the long-term increases that we see in Taxpayer agreement with most of the tech “leader” statements, together with long-term decreases in agreement with most of the “follower” statements.

Technological <b>Leader</b> Statements (% Agree)						Technological <b>Follower</b> Statements (% Agree)					
BASE:						BASE:					
	1998	1999	2000	2001	2002		1998	1999	2000	2001	2002
	1017	1005	1000	1000	1000		1017	1005	1000	1000	1000
	%	%	%	%	%		%	%	%	%	%
Have good idea of what World Wide Web is	72	80	83	85	87	Kids handle new technology; most adults cannot	68	63	63	65	60
Think most technology can be trusted	60	63	65	61	65	Order by phone, you're really taking a chance	65	54	56	57	52
Wish all govt. forms could be filed by computer	54	56	57	62	62	Never put financial information on a computer	62	53	57	54	54
I'm one of the first to try new technology	48	49	52	51	52	Can't keep up with all the new technology	61	61	56	52	51
I'm a person who needs lots of phone technology	45	46	44	48	43	We control computers, someday they'll control us	40	38	36	35	32
If could, I'd do all financial dealings by computer	37	41	38	41	40	Can't imagine filing taxes except using paper	35	31	31	25	27
Easiest way to bank is by personal computer	32	34	34	41	44	Computers scare me -- so much can go wrong	33	30	29	28	25
Rather e-mail friends/family than talk on phone	19	23	25	29	29	I'm someone who has no luck programming a VCR	26	26	26	26	25

.....→
←.....

Red=Long-Term Increases; Blue=Long-Term Decreases

Q1 -- Agree Completely or Agree Somewhat With Each Statement

Looking at where these changes are occurring, each year we see that one or more of the four IRS Regions tends to drive the overall increases in acceptance of technology. This year, it was the Southeast -- with that region having the most *increases* in agreement with the *leader* statements.

### Agreement With Tech Leader Statements -- By Region (% Agree)

BASE:	<u>NORTHEAST</u>			<u>SOUTHEAST</u>			<u>MIDSTATES</u>			<u>WESTERN</u>		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	282	266	286	276	292	280	227	226	231	215	216	203
	%	%	%	%	%	%	%	%	%	%	%	%
Have a good idea of what the World Wide Web is	84	84	83	82	86	89	83	86	88	85	85	88
I think most technology can be trusted	62	64	63	61	60	64	69	63	69	68	58	64
Wish all government forms could be filed by computer	53	59	60	58	58	64	55	61	64	63	69	58
I'm one of the first to try new technology	51	52	52	57	49	50	50	44	50	49	58	57
I'm a person who needs lots of phone technology	43	45	37	48	53	48	39	47	42	45	48	46
If I could, I'd do all my financial dealings by computer	35	45	40	41	33	41	33	41	38	42	47	42
Easiest way to do banking is by personal computer	29	42	43	40	37	45	32	37	40	35	48	49
Rather e-mail friends or family than talk on the phone	22	28	26	26	27	27	28	28	34	27	32	31

Red=Long-Term Increases in Agreement Among the Total Sample

Q1 -- Agree Completely or Agree Somewhat With Each Statement

The Southeast Region was also where we found the most *decreases* in agreement with *laggard statements*, indicating that this region was driving the lower ratings of laggard statements that we found in the total sample and thus driving the increased acceptance of technology.

### Agreement With Tech Follower Statements -- By Region (% Agree)

BASE:	<u>NORTHEAST</u>			<u>SOUTHEAST</u>			<u>MIDSTATES</u>			<u>WESTERN</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
	282	266	286	276	292	280	227	226	231	215	216	203
	%	%	%	%	%	%	%	%	%	%	%	%
Kids can handle new technology; most adults cannot	70	63	57	69	65	61	62	66	62	50	64	60
When ordering by phone, you're really taking a chance	54	49	48	60	66	55	54	58	50	55	54	55
Should never put financial information on a computer	57	53	54	59	60	55	58	47	49	52	53	57
I cannot keep up with all the new technology	56	45	48	56	60	54	59	59	52	53	41	50
We control computers, someday they'll control us	35	35	32	42	38	38	34	32	28	29	33	30
Cannot imagine filing taxes except using paper	35	23	29	33	31	28	28	22	24	28	24	26
Computers scare me – so much can go wrong	35	23	22	29	30	26	24	30	27	29	27	25
I'm one who has no luck programming a VCR	31	22	28	24	27	21	24	32	23	25	24	27

Blue=Long-Term Decreases in Agreement Among the Total Sample

Q1 -- Agree Completely or Agree Somewhat With Each Statement

## Taxpayer Usage Of Technology

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- In addition to asking about attitudes toward technology, we ask Taxpayers which of a list of specific technologies they use either regularly or occasionally. Note: we update this list as new technologies emerge and then track changes in usage of the entire list.
- As might be expected from the increases in acceptance of technology that we just saw, there have been dramatic increases over time in Taxpayer usage of *all* of the listed technologies *except* “using a telephone to order products from a catalog” (which has remained very stable over the course of our tracking).

The technologies showing the greatest growth over the past five years of tracking were all Internet-related: *use of Internet to search for information, use of Internet to order products or services, and use of e-mail (for personal and business correspondence).*

**Usage Of Technological Applications -- Total**  
(Use "Regularly" Or "Occasionally")

	-----TOTAL-----				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
BASE:	1017	1005	1000	1000	1000
	%	%	%	%	%
Use of a telephone to order from a catalog	68	70	65	67	67
Use of a PC for work	63	67	65	69	75
Use of a PC for entertainment	52	60	58	67	66
Use of the Internet to search for information	52	68	72	78	84
Use of a Debit Card to pay for purchases	48	55	52	59	61
Use of a telephone for doing personal banking	45	55	50	57	58
Use of e-mail for personal correspondence	43	57	63	71	74
Use of e-mail for business correspondence	38	45	49	58	61
Use of the Internet to order products or services	24	36	42	54	60
Use of a PC for doing personal banking	13	17	20	28	32
Use of Government Websites	NA	NA	NA	43	52
Use of a Beeper/Pager	NA	NA	NA	34	30
Use of Broadband, DSL, or Cable Modems	NA	NA	NA	30	35
Use of a PDA, like a Palm Pilot	NA	NA	NA	12	15

Red=Long-Term Increases In Use Of This Technology

Q3--% Use Each Technology Regularly/Occasionally

As with the growth in acceptance of technology, the growth in usage of most of the specific technologies came from the Southeast Region. That region had lagged behind the others in usage of many technologies last year, but now has caught up.

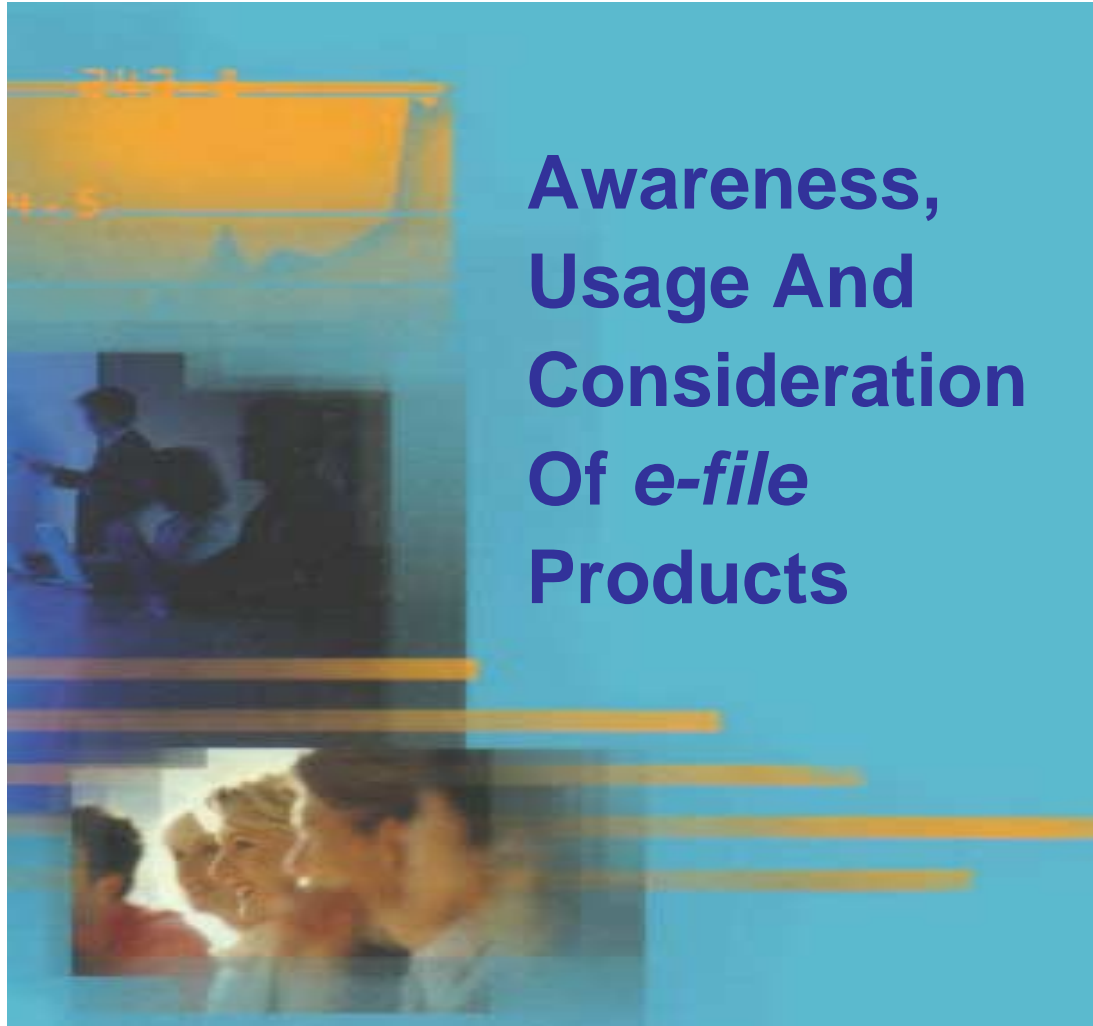
### Usage Of Technological Applications -- By Region (Use "Regularly" Or "Occasionally")

BASE:	NORTHEAST			SOUTHEAST			MIDSTATES			WESTERN		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	282	266	286	276	292	280	227	226	231	215	216	203
	%	%	%	%	%	%	%	%	%	%	%	%
Use of a telephone to order from a catalog	69	70	73	64	67	70	62	68	62	65	64	60
Use of a PC for work	62	70	74	66	64	75	65	69	74	68	72	77
Use of a PC for entertainment	54	62	65	57	65	65	62	73	68	62	69	67
Use of the Internet to search for information	67	79	85	74	74	84	74	82	83	75	80	83
Use of a Debit Card to pay for purchases	50	61	58	53	57	60	42	55	60	65	62	69
Use of a telephone for doing personal banking	41	49	52	50	52	58	49	63	57	60	65	64
Use of e-mail for personal correspondence	56	70	72	63	66	74	64	74	76	70	74	76
Use of e-mail for business correspondence	44	58	59	51	53	63	50	58	60	51	63	64
Use of the Internet to order products or services	35	55	60	43	48	58	46	56	59	48	60	63
Use of a PC for doing personal banking	20	27	29	20	25	29	17	26	35	25	34	39
Use of Government Websites	NA	46	55	NA	41	47	NA	44	53	NA	43	53
Use of a Beeper/Pager	NA	34	29	NA	35	35	NA	32	27	NA	33	28
Use of Broadband, DSL, or Cable Modems	NA	32	32	NA	26	37	NA	28	32	NA	36	42
Use of a PDA, like a Palm Pilot	NA	13	16	NA	11	13	NA	9	12	NA	16	21

Red=Long-Term Increases in Use Of This Technology

Q3--% Use Each Technology Regularly/Occasionally





# Awareness, Usage And Consideration Of *e-file* Products

## Awareness, Usage & Consideration Of ETA Products

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- While the Attitudinal tracker is not used for on-going product and advertising awareness tracking (which is handled in another research vehicle), we do ask about Taxpayer awareness, usage, and consideration of the three e-file products -- mainly to analyze *e-file* opportunities across the attitudinal segments.
  - We ask about product awareness, usage, and consideration within the context of all potential filing methods -- both paper and electronic -- and read a brief description of all IRS filing products to assure that respondents understand how each product is used.
- **2002 Attitudinal Tracking results show...**
  - Net\* voluntary (unaided) mentions of *e-file* products have increased significantly over the past year and are sharply higher than we found them in the Benchmark Wave in 1998.

\* "Net" mentions = the % of respondents mentioning *any one of the e-file products*. Some people will mention more than one product, so the "net" tells us how many people mentioned at least one of the products.

**Unaided awareness of e-file products (net) was 83% vs. the 70% found in 1998 (driven mainly by increases for On-Line Filing). Total awareness remains virtually universal (with increases for both On-Line Filing and Electronic Filing Using A Tax Professional). TeleFile awareness is declining.**

### Levels Of Awareness Of Tax Filing Methods -- Total

	-----TOTAL-----				
	ETA Attitude Tracking <b>1998</b> 1017 %	ETA Attitude Tracking <b>1999</b> 1005 %	ETA Attitude Tracking <b>2000</b> 1000 %	ETA Attitude Tracking <b>2001</b> 1000 %	ETA Attitude Tracking <b>2002</b> 1000 %
BASE:					
<b><u>Q4--Unaided Method Awareness</u></b>					
Self-Prepared Paper Return	67	74	73	74	75
Paper Return Using A Tax Professional	54	46	52	48	44
<b>Electronic Filing Using A Tax Professional</b>	<b>41</b>	<b>42</b>	<b>41</b>	<b>44</b>	<b>43</b>
<b>On-Line Filing</b>	<b>29</b>	<b>41</b>	<b>47</b>	<b>48</b>	<b>59</b>
<b>TeleFile</b>	<b>21</b>	<b>24</b>	<b>25</b>	<b>27</b>	<b>22</b>
<b>Net Unaided Mentions of ETA Products</b>	<b>70</b>	<b>74</b>	<b>77</b>	<b>79</b>	<b>83</b>
<b><u>Q4+5--Total Method Awareness (Unaided + Aided)</u></b>					
Self-Prepared Paper Return	96	97	97	97	97
Paper Return Using A Tax Professional	96	96	97	98	96
<b>Electronic Filing Using A Tax Professional</b>	<b>84</b>	<b>87</b>	<b>86</b>	<b>89</b>	<b>92</b>
<b>On-Line Filing</b>	<b>70</b>	<b>78</b>	<b>82</b>	<b>83</b>	<b>88</b>
<b>TeleFile</b>	<b>62</b>	<b>60</b>	<b>61</b>	<b>61</b>	<b>57</b>
<b>Net Total Mentions of ETA Products</b>	<b>95</b>	<b>97</b>	<b>97</b>	<b>98</b>	<b>99</b>

Claimed net usage of the three e-file products (claimed “ever used” and claimed “used in the past year”) was also up in 2002 vs. 2001 (and far higher of course than that found in 1998). Electronic Filing Using A Tax Professionals has accounted for most of the gain across that time.

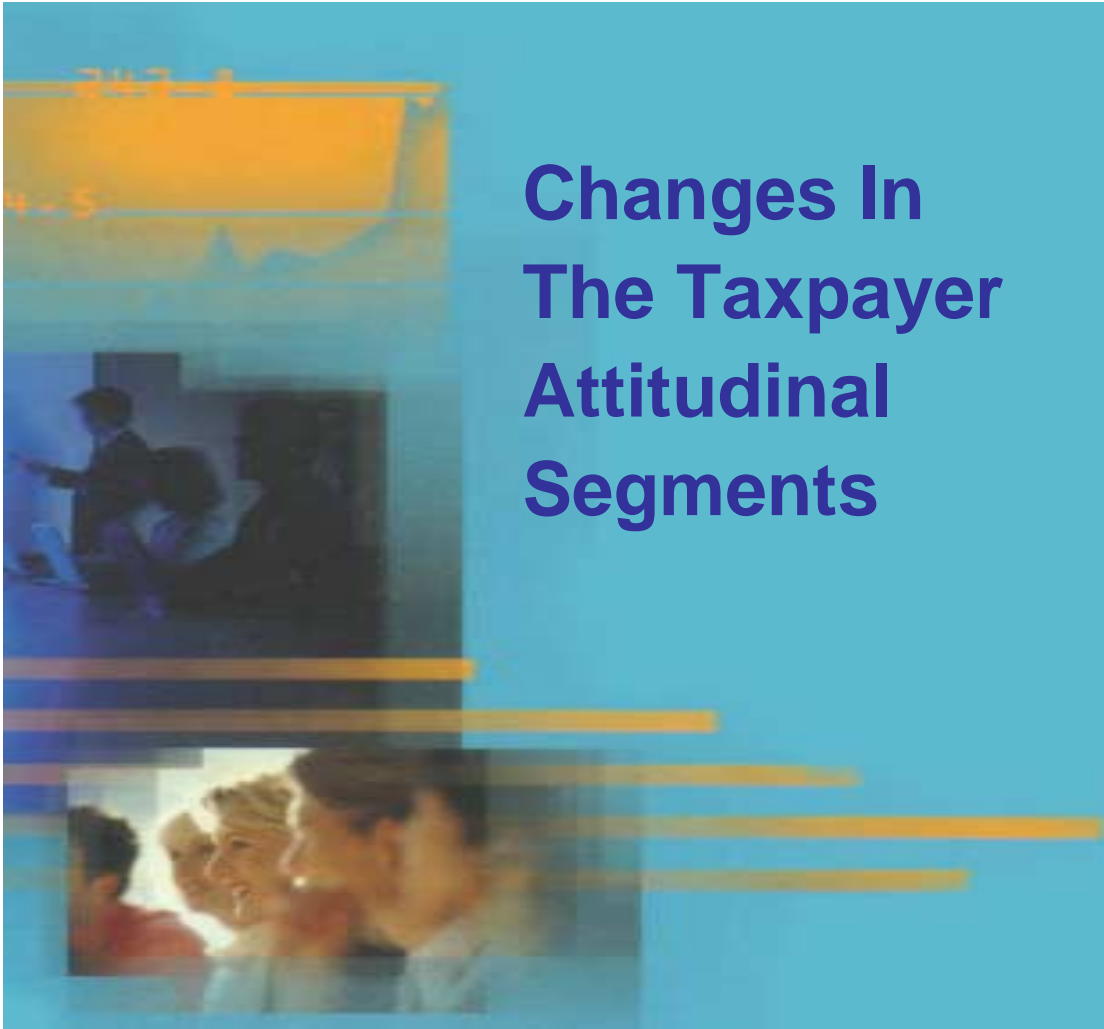
### Levels Of Usage Of Tax Filing Methods -- Total

	-----TOTAL-----				
	ETA Attitude Tracking <u>1998</u> 1017 %	ETA Attitude Tracking <u>1999</u> 1005 %	ETA Attitude Tracking <u>2000</u> 1000 %	ETA Attitude Tracking <u>2001</u> 1000 %	ETA Attitude Tracking <u>2002</u> 1000 %
BASE:					
<b><u>Q6--Methods Ever Used</u></b>					
Self-Prepared Paper Return	70	74	71	73	75
Paper Return Using A Tax Professional	66	68	66	64	65
<b>Electronic Filing Using A Tax Professional</b>	<b>26</b>	<b>29</b>	<b>31</b>	<b>34</b>	<b>41</b>
TeleFile	10	12	14	16	17
On-Line Filing	3	8	9	13	16
<b>Net Mentions Of ETA Products</b>	<b>34</b>	<b>41</b>	<b>45</b>	<b>49</b>	<b>57</b>
<b><u>Q7--Method Used in Past Year (2001)</u></b>					
Paper Return Using A Tax Professional	41	39	39	35	33
Self-Prepared Paper Return	36	35	35	37	35
<b>Electronic Filing Using A Tax Professional</b>	<b>12</b>	<b>14</b>	<b>19</b>	<b>20</b>	<b>23</b>
TeleFile	4	5	5	4	5
On-Line Filing	*	1	2	4	4
(Balance = Others Plus DK/Refused)					
<b>Net Mentions Of ETA Products</b>	<b>16</b>	<b>20</b>	<b>26</b>	<b>28</b>	<b>32</b>

Similarly, consideration of *e-file* products was up significantly over the past year, with net consideration now at 83% -- highest for Electronic Filing Using A Tax Professional (at 61%), followed by On-Line Filing (52%), with TeleFile lowest (at 33% and largely unchanged since 1998).

### Consideration/Potential Usage Of Tax Filing Methods -- Total

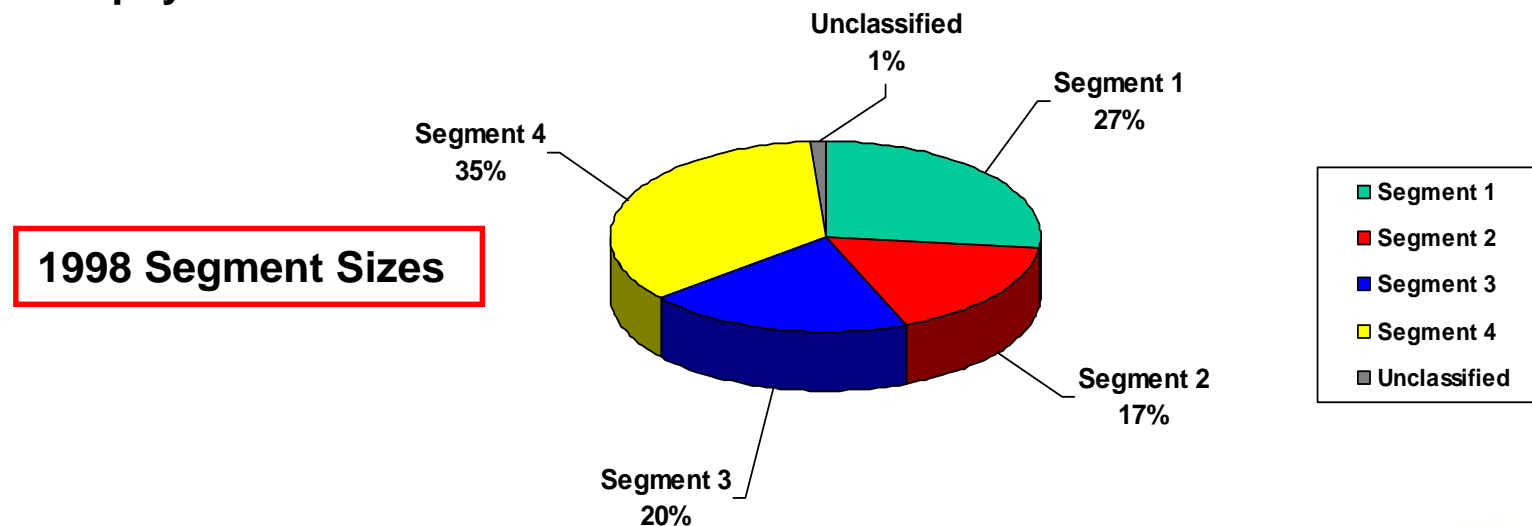
	-----TOTAL-----				
	ETA Attitude Tracking <u>1998</u> 1017 %	ETA Attitude Tracking <u>1999</u> 1005 %	ETA Attitude Tracking <u>2000</u> 1000 %	ETA Attitude Tracking <u>2001</u> 1000 %	ETA Attitude Tracking <u>2002</u> 1000 %
BASE:					
<b><u>Q8--Methods They Would Consider Using</u></b>					
Paper Return Using A Tax Professional	62	68	62	59	58
Self-Prepared Paper Return	57	61	50	49	48
 Electronic Filing Using A Tax Professional	 47	 57	 55	 58	 61
On-Line Filing	41	49	46	49	52
TeleFile	34	43	35	35	33
 <b>Net Mentions Of ETA Products</b>	 71	 80	 79	 79	 83



## Changes In The Taxpayer Attitudinal Segments

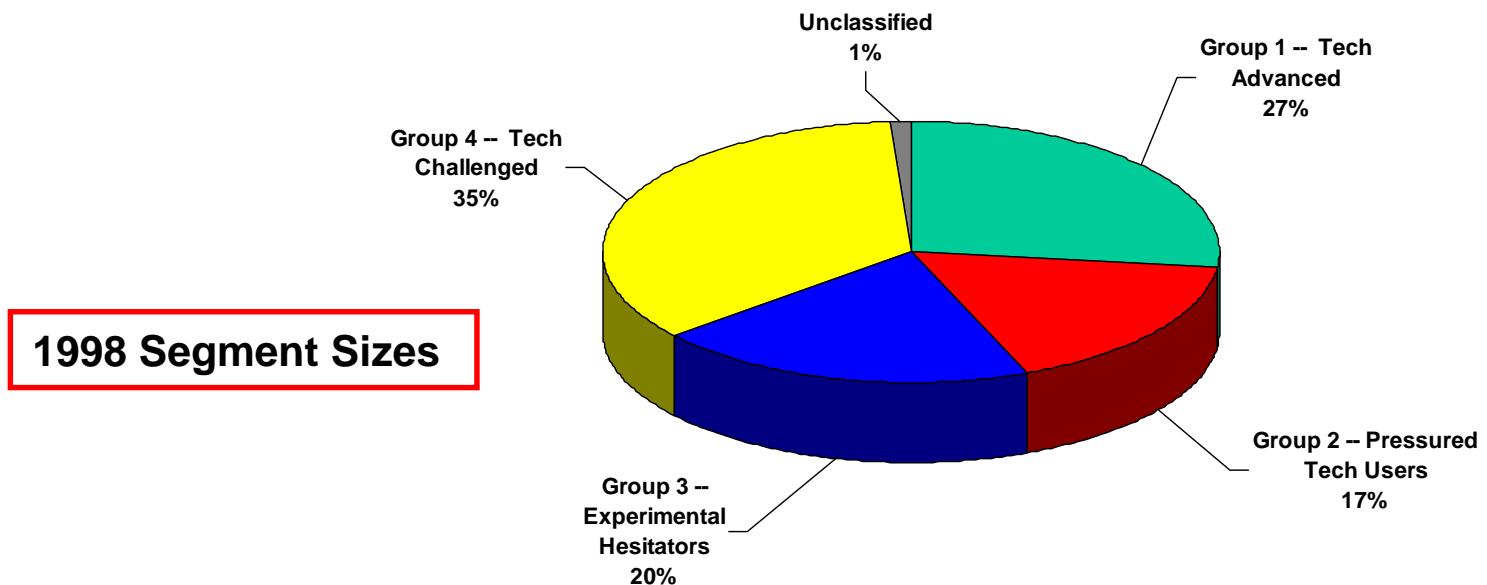
## How Original Attitudinal Segments Were Developed

- **In 1998**, we analyzed Taxpayer attitudes toward and usage of technology, and their psychographic characteristics, using a multivariate statistical technique known as “Cluster Analysis”...
  - Which examines the level of commonality in attitudes and/or characteristics and then forms clusters, or “segments” of people who share similar attitudes.
- The analysis yielded 4 different sized segments of attitudinally distinct Taxpayers:



## How The Original Segments Were Developed (Cont'd.)

- After detailed analysis of the attitudinal and demographic composition of each group, we labeled or “named” the *e-file* segments, as follows, to capture the essence of who was in each cluster or group. We found that the characteristics which distinguished the groups from each other were mainly those relating to acceptance of technology, thus the focus on technology that is reflected in the segment names.





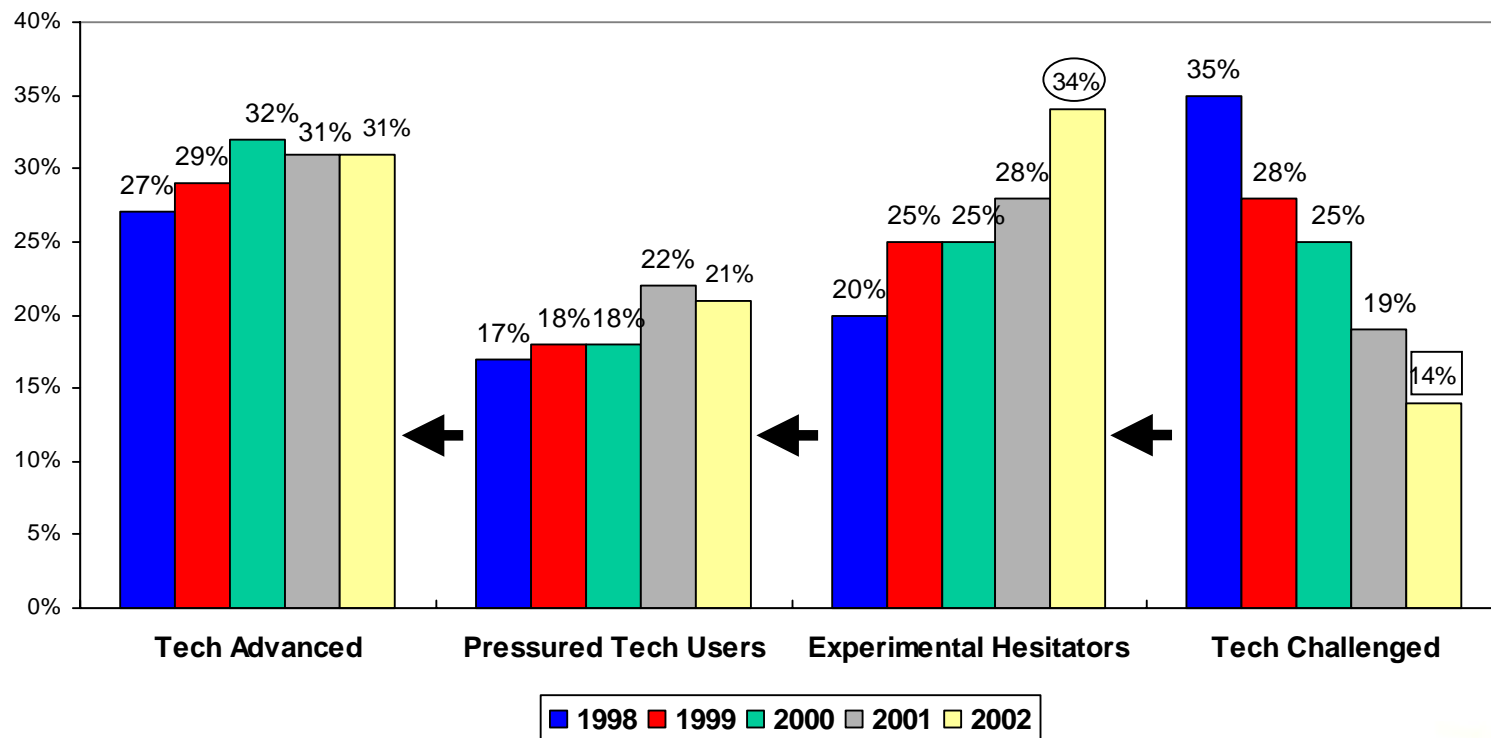
## Applying The Segmentation Technique To The 1999, 2000, 2001 & 2002 Waves

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- Prior to the 1999 wave, we needed to reduce interview length (even after moving sections of the original survey into the Customer Satisfaction study). The presence of a segmentation model gave us an opportunity to do so by eliminating attributes which were low contributors to the model. To eliminate low contributors...
  - We went back to the '98 cluster data and used Discriminant Function Analysis to identify the level of contribution of each attribute in the original model.
  - We then rank-ordered all attributes according to their contribution and eliminated the 14 lowest contributors.
  - To see the effects of eliminating attributes, we checked the '98 data to see the degree to which the modified model with the remaining 45 attributes correctly classified 1998 respondents into the original segments. It did so at a rate of 87.6% -- a very high rate of post-classification. With the model so highly predictive, we applied it to the 1999-through-2002 surveys -- though we **strongly recommend** that this model be reexamined each year hence for its utility.

## Overview Of Changes In Attitudinal Segment Sizes

- Over the five waves of Attitudinal tracking, we have seen clear movement of Taxpayers from the least-tech-oriented segment (“Tech Challenged”) into the more tech-forward segments -- especially into the “Experimental Hesitators”. This reflects the increasing acceptance of technology noted earlier.



## Who Are The People In These 4 Segments?

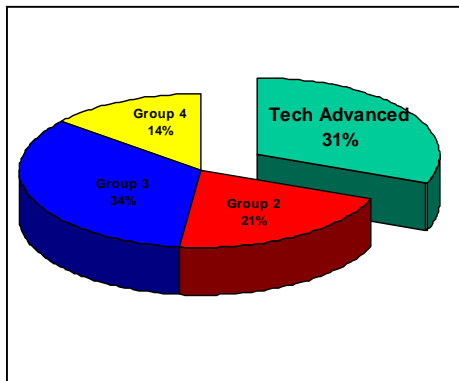
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- Following are descriptions of each of the four segments as they are now comprised.
- Note: Our description of the attitudes of each segment each year tends to be very similar to that of the previous year; this is because the *attitudinal* composition of each group stays basically the same.
  - As people move out of one segment and into another, it is because they have taken on the *attitudinal* characteristics of the group they have joined.
  - A group's demographics (and even psychographics) may change slightly from year to year; but their mindset, or attitudinal makeup, remains essentially the same.
- In thinking about each group, keep in mind that in an attitudinal segmentation, a segment is not completely homogenous; instead, it will have a general mindset that is different from the other segments.

The first group we'll look at are the **Tech Advanced**. They currently account for 31% of all Taxpayers and their size has remained statistically unchanged in each tracking wave since 2000.

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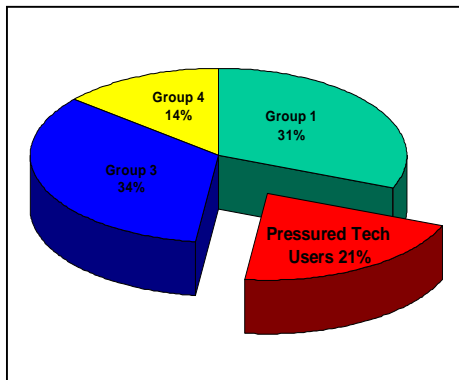
- **Tech Attitudes & Usage:** This is always the most tech-forward of the four segments.



- They all know the World Wide Web and 8-in-10 feel technology can be trusted, wish all government forms could be filed by computer, and say they are among the first to try new technology. Two-thirds like to do all of their financial dealings by computer.
  - Importantly, only 7% can't imagine filing taxes except using paper returns -- which indicates that they are favorably disposed to e-file.
  - Overall, they score highest on the technology "leader" attitudes and lowest on the tech "follower" attitudes. They are also more likely to use all of the different types of technology we covered.
- **Psychographics:** this group remains the most *financially secure yet financially driven* of the segments, and the most likely to be *innovative and daring, leaders, outgoing*, and *comfortable with the pace of change*.
  - **Demographics:** This group still skews male, younger, smaller families, and *higher incomes*.

Our next group are the **Pressured Tech Users**. They currently account for 21% of all Taxpayers -- about the same size as found last year.

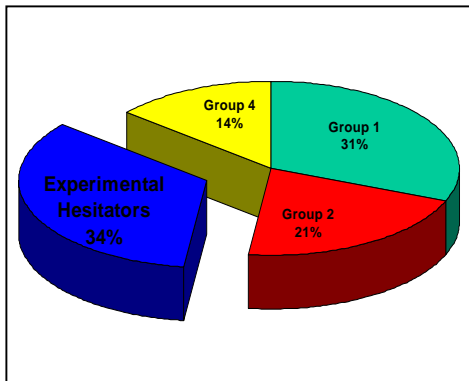
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- **Tech Attitudes**: This is the next most tech-accepting of the four segments.
  - Like the “Tech Advanced”, most ***know the World Wide Web, trust technology, and wish all government forms could be filed by computer.*** But they are not as likely to be among the first to try new technology or to ***do financial dealings by personal computer.***
  - Only 16% of this group ***can’t imagine filing taxes except using paper returns*** -- again, a strong potential disposition toward e-file.
  - Overall, they score #2 on ***the tech “leader” attitudes*** and #2 on the ***“follower” attitudes.*** But, they are #3 in ***use of different types of technology***, slightly below that of the Experimental Hesitators.
- **Psychographics**: they continue to show the signs of high stress that we first saw in 1998 -- both personal stress (***need to slow down and enjoy life*** and ***worry that I don’t spend enough time with my family***) and financial stress (***worry about money*** and ***live from paycheck to paycheck***).
- **Demographics**: they skew female and young, but they are the least likely to be married and most likely to have children -- all ***while having the lowest HH income of all segments*** -- **thus, the pressure.**

Next, we'll look at the Experimental Hesitators. This has become our largest segment, accounting for 34% of all Taxpayers. And, as we saw earlier, this is the group into which the Tech Challenged have been moving over the past three years.

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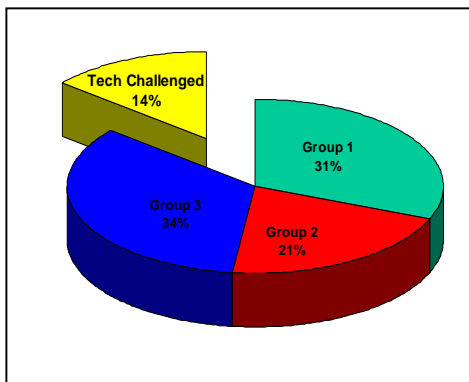


- **Tech Attitudes:** While they use technology, this group trusts it less than the first two groups -- and thus is third along the acceptance continuum.
  - This group is not eager to embrace technology -- only about one-third to one-half say ***technology can be trusted, wish all government forms could be filed by computer***, or that they are ***among the first to try new technology***.
  - 35% say they ***can't imagine filing taxes except using paper returns*** -- a figure that is unchanged over the past 3 years.
  - Overall, they score #3 on ***the tech "leader" attitudes*** and #3 on the ***"follower" attitudes***. Yet, they are #2 in claimed ***use of different types of technology***, just ahead of the Pressured Tech Users.
- **Psychographics:** this group has always stood in contrast to the first two groups in that they ***are not as driven*** (as Group 1) ***nor as stressed*** (as Group 2). Instead, they are more ***family focused*** and ***make time for things that are really important***.
- **Demographics:** they skew older, somewhat more ***female***, are the most likely to be ***married***, and second most likely to have ***children***. Their HH incomes skew higher than all groups except the Tech Advanced.

Finally...the **Tech Challenged**. This segment has shrunk significantly since our first tracking study in 1998, when they accounted for 35% of all Taxpayers -- they're now at 14%, with about one-fourth of them having moved into the Experimental Hesitator group in the past year alone.

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- **Tech Attitudes:** As some in this group have moved on to greater acceptance of technology (and into the Experimental Hesitator group), those who are left appear to have hardened in their resistance to technology.



- Less than half of them now agree that **technology can be trusted** or say that they are **among the first to try new technology** or that they would **like all government forms to be filed by computer**.
  - 66% **can't imagine filing taxes except using paper** – making this group a particularly difficult one to convert to from paper to e-file.
  - Overall, they score far lower than other segments on **tech leader attitudes** and far higher on **follower attitudes**. They also have far lower usage of the list of technologies we covered.
- **Psychographics:** this group is financially stressed (they **worry about money** and **live from paycheck to paycheck**). They are also the **least likely to accept change** and **least comfortable with computer technology**.
  - **Demographics:** They are the **oldest** segment, skewing female, **lower in presence of children**, **lower income** and more from the **Northeast**.

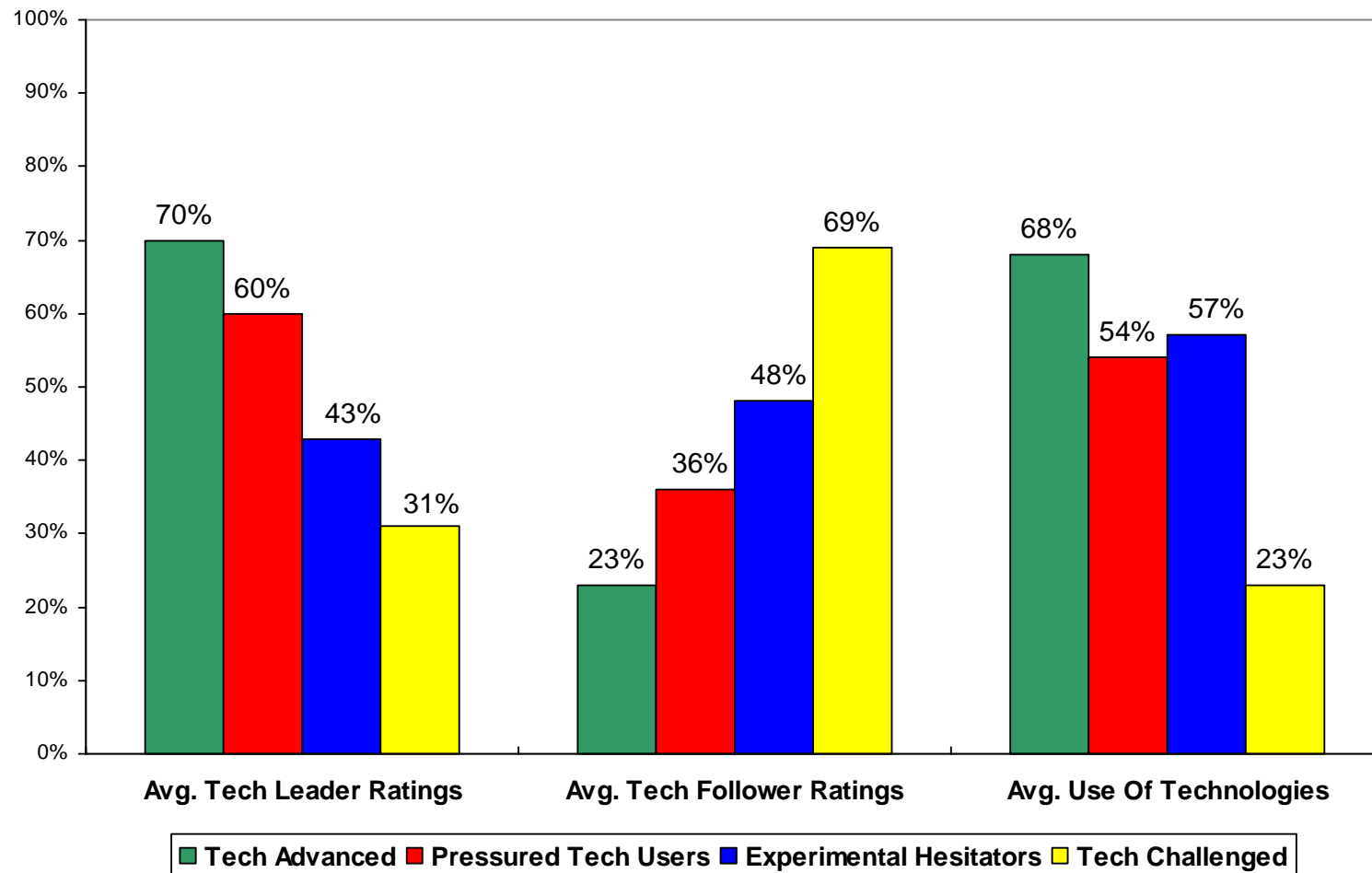
## Summarizing Differences Among The Segments

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- The preceding segment summaries were based on analysis of differences that we found across a range of survey measures -- ratings of agreement with the “tech leader” statements and the “tech follower” statements, levels of usage of technology, psychographics, and demographics. The detailed data from each of these measures can be found in the Appendix. There, you’ll see graphic notation indicating which groups are higher or lower on each statement/response.
- There is a simple, yet effective way to illustrate how different these groups are on the key measures used to define them -- that being their average ratings of “tech leader” statements, their average ratings of “tech follower” statements, and their average levels of usage of the different technologies covered in the study. These averages follow.



As shown in the average ratings below, the four groups score inversely on “tech leader” vs. “tech follower” ratings. Usage tends to follow tech leadership, though with Pressured Tech Users and Experimental Hesitators having statistically similar levels of usage of our list of technologies.



## Filing Behavior Among The Segments

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- In 2002, for the first time, we added questions about how Taxpayers filed their return so that we could see differences in filing by the four segments. We did find differences across segments and summarize them below and on the next page (with full data shown in the Appendix):
  - There appeared to be a correlation between level of income and type of return, with the two higher income segments (Tech Advanced and Experimental Hesitators) tending to file more complex returns with attachments, while the two lower income segments (Pressured Tech Users and Tech Challenged) tended to file more basic returns.
  - There were no clear differences across segments in terms of whether the return involved a Balance Due vs. a Refund (72% in total received a Refund). However, among those receiving a Refund, we did see differences in how refunds were received, with usage of Direct Deposit highest among the more more tech-advanced segments and lowest among the less tech-oriented segments.
  - As might be expected, receipt of the Earned Income Tax Credit was significantly higher among the two lower-income segments (Pressured Tech Users and Tech Challenged).

## Filing Behavior Among The Segments (Cont'd.)

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- In other differences in filing behavior across segments:
  - There appeared to be **a correlation between being tech-forward and filing one's own return**, with the more tech-accepting segments (Tech Advanced and Pressured Tech Users) having lower usage of a Paid Preparer (and thus more self preparation) than the least tech-accepting segments.
  - In terms of type of Paid Preparer used (CPA vs. some other tax professional) among those using one, we saw that **the two higher-income segments (Tech Advanced and Experimental Hesitators) were most likely to use a CPA** while the two lower-income segments (Pressured Tech Users and Tech Challenged) had lower use of CPAs.
  - **54% of all Taxpayers who used a Preparer said their Paid Preparer offered e-file as a filing option** -- somewhat higher among the Pressured Tech Users than other segments.
  - **Awareness of a Federal/State e-file option** was highest among the Tech Advanced (at 40%), followed by the Pressured Tech Users and Experimental Hesitators (36-38%) and lowest among the Tech Challenged (24%).

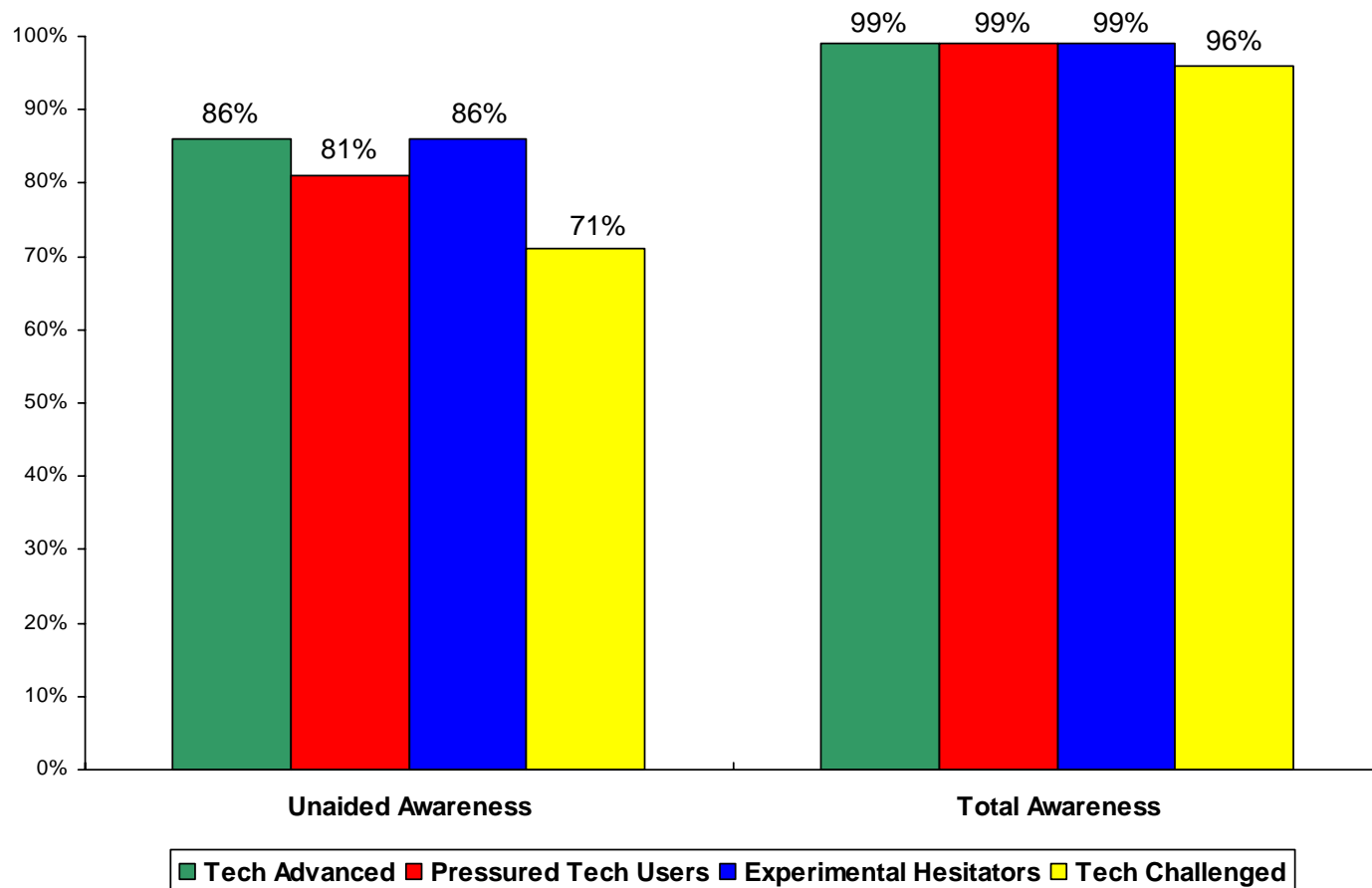
## Awareness & Disposition Toward *e-file* Among The Segments

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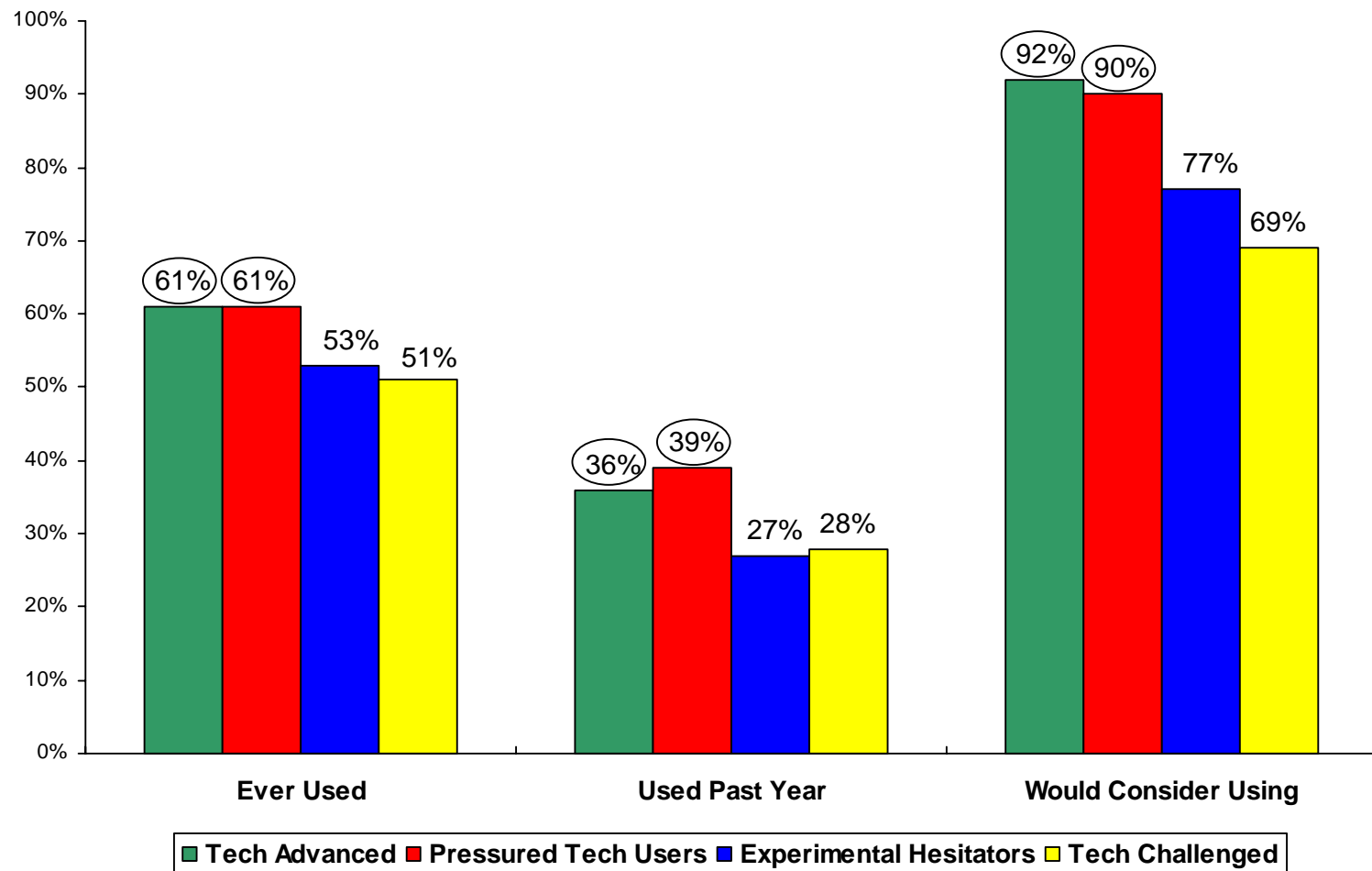
- We also looked at *e-file* awareness, claimed trial and usage, and consideration data by segment.
- Results showed that while there have been increases on each measure among all segments (including the less tech-accepting ones), claimed trial and consideration of *e-file* still tends to follow overall tech acceptance --
  - With the two more tech-oriented groups (Tech Advanced and Pressured Tech Users) having consistently higher trial, usage, and consideration of *e-file* than the two less tech-oriented segments (Experimental Hesitators and Tech Challenged).
  - Awareness does not follow the same pattern -- with Experimental Hesitators having as high awareness as the two more tech-oriented groups.
- The following charts summarize these results for 2002. The detailed data from each measure, along with wave-to-wave trends, can be found in the Appendix.

**Unaided awareness**, a strong indicator of brand saliency, was highest among the Tech Advanced and Experimental Hesitators (86% each). **Total awareness** (unaided plus prompted) was nearly universal among the first three segments, and only slightly lower among the Tech Challenged.

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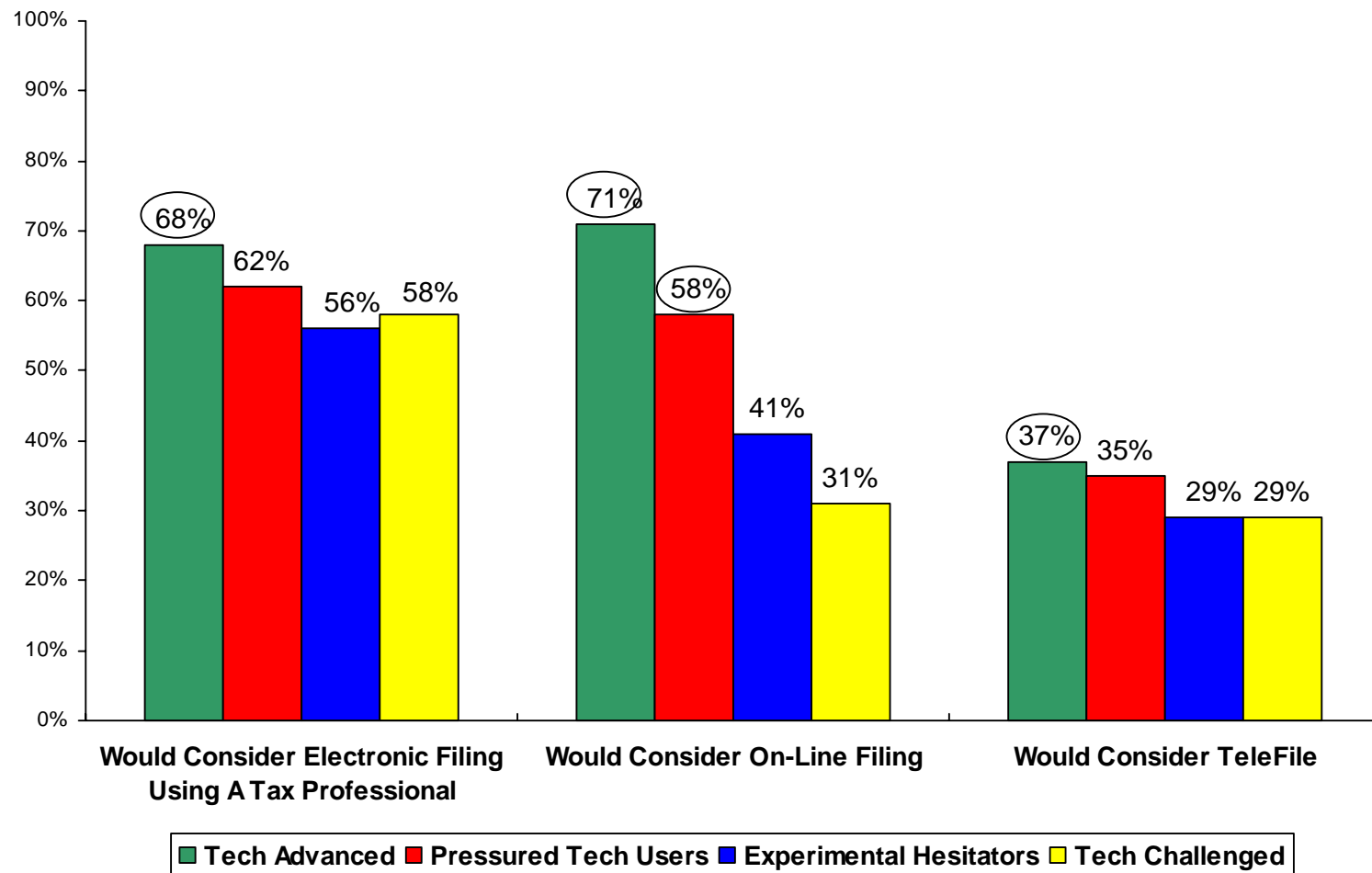


There were far more differences in the usage and consideration measures, with the Tech Advanced and Pressured Tech Users having significantly higher claimed trial (ever used), past-year usage, and consideration of *e-file* than the Experimental Hesitators and Tech Challenged.



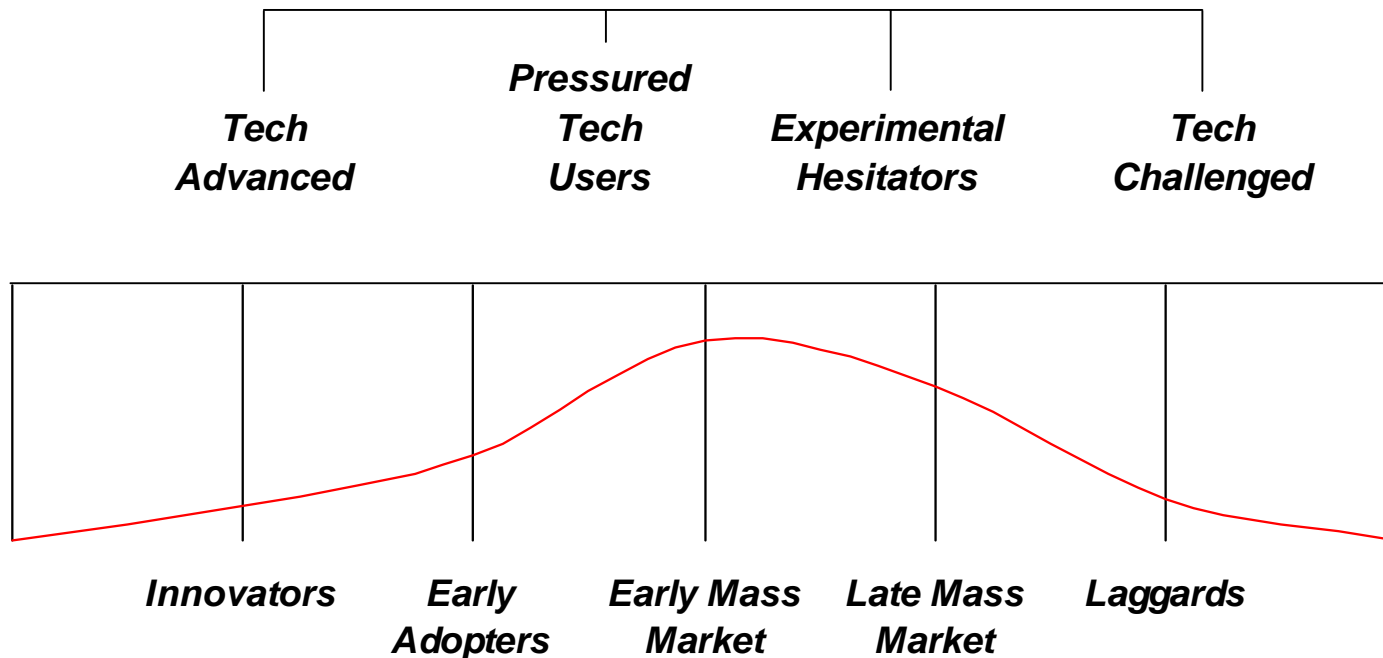
Looking at consideration of use of specific e-file products, we see that the Tech Advanced and Pressured Tech Users also had significantly to directionally higher consideration of each product than did the Experimental Hesitators and Tech Challenged.

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## IRS' Current Opportunities Among The Segments

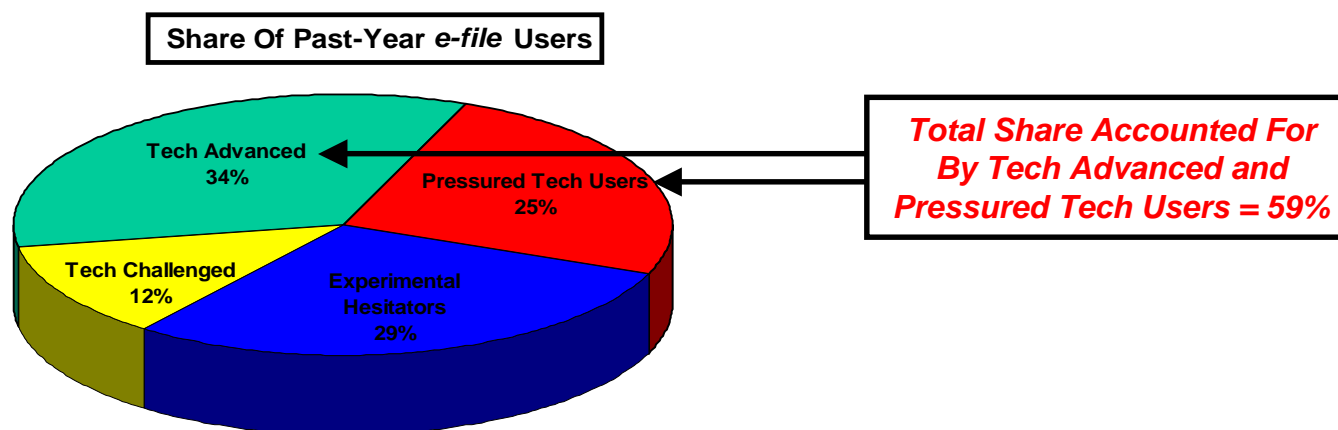
- In 1998, when we analyzed the four segments in terms of acceptance and usage of technology, we saw they existed along a continuum of Tech Leaders...to...Followers -- and noted, for IRS's understanding of its target audience, that this continuum might approximate that of the Innovators...to...Laggards of the classic product adoption model.





## Two Of The Segments Still Offer The Greatest Opportunity

- Findings from each wave since 1998 have supported the comparison to the product adoption model in showing greater trial, usage, and consideration of *e-file* among the two most tech-forward segments -- Tech Advanced and Pressured Tech Users.
  - These two segments are largely the *Innovators*, *Early Adopters*, and (given their size) probably parts of the *Early Mass Market* for *e-file*.
  - They account for 52% of all Taxpayers but 59% of all past-year users of e-file.



## But The Third Segment Also Has High Potential...

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- As implied in the previous pie chart (showing them accounting for 29% of all past-year *e-file* users) the Experimental Hesitators are also a strong *e-file* opportunity.
  - This is now the largest segment of Taxpayers (at 34%).
  - And it is a group which already shows a propensity to use of technologies in general (having a higher average use of the technologies we covered in the survey than even the Pressured Tech Users).
- The last segment, Tech-Challenged, presents a greater hurdle for ETA. Their attitudes *against* technology appear to have hardened as the group shrinks in size, with two-thirds of them now saying they “can’t imagine filing taxes except using paper returns”. Yet, 28% of them claimed to have used an *e-file* product in the past year (mainly Electronic Tax Filing Using A Tax Professional) and 69% of them said they would consider using on the *e-file* products. So this is necessarily not a “lost” segment.

## Reaching The Attitudinal Segments

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- To help in determining how to reach each segment, respondents in each wave are asked about their media habits. We then look at media reach opportunities among just those Taxpayers within each segment **who did not use** an e-file product in the past year (shown in the following two charts).
  - Among Non-Users in general, the leading media (with about 50%+ reach in each segment) are:
    - ◆ *FM radio station stations*
    - ◆ *Early evening TV news programs*
    - ◆ *All-news cable stations such as CNN, Headline News, MSNBC*
    - ◆ *Late evening TV news programs*
    - ◆ *Non-premium cable TV movie channels*
    - ◆ *Sports programming*
    - ◆ *And cable family/life programs*
    - ◆ *Local newspapers* are also quite strong -- though cost-prohibitive as a media buy.
  - For other media, we found clear differences in reach from one segment to another. However, there was only other medium with 50%+ reach into any segment and that was the Internet, with 62% penetration in the Tech Advanced group.

## Reaching The Attitudinal Segments (Cont'd.)

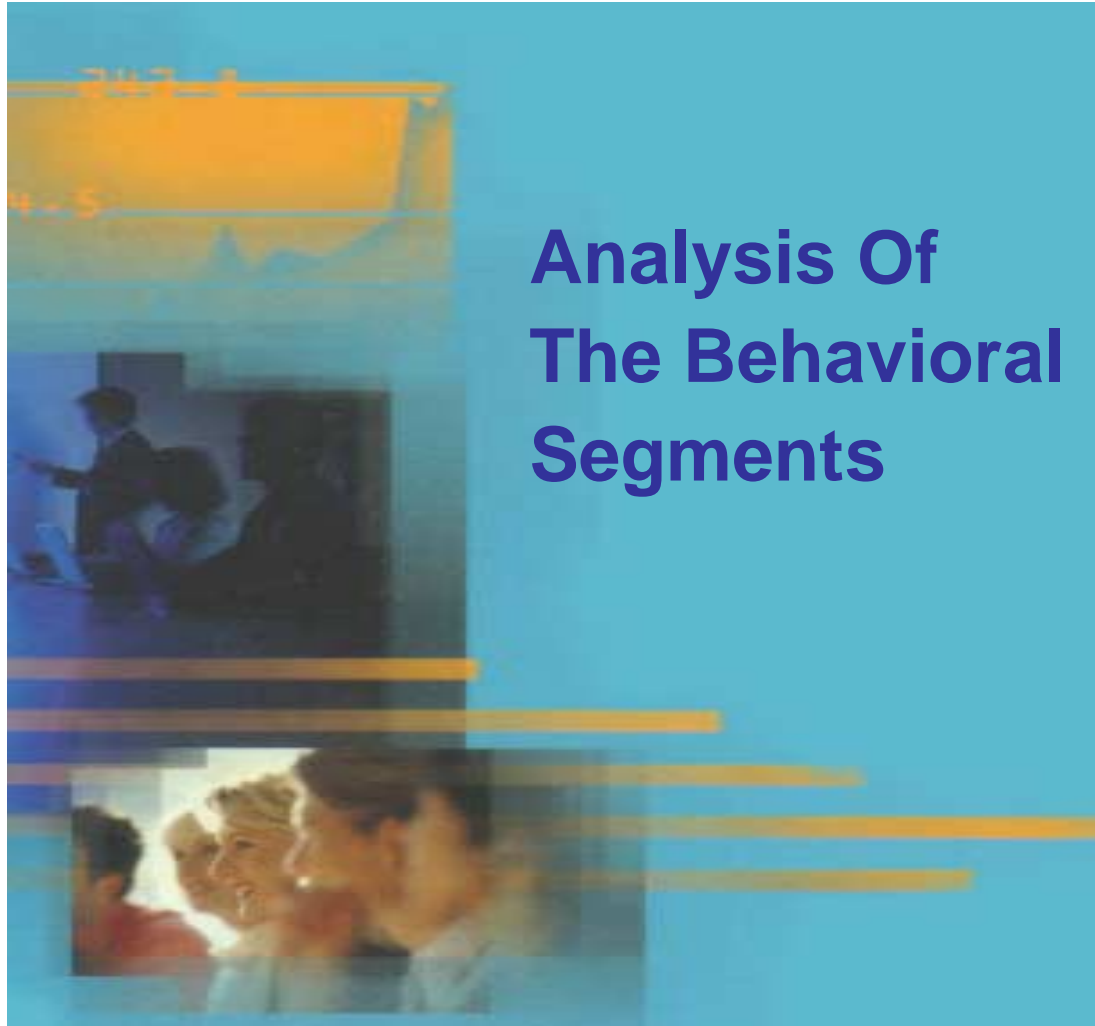
### Media Habits -- Print & Radio

	Total Non-Users	Tech Advanced Non-Users	Pressured Tech User Non-Users	Experimental Hesitator Non-Users	Tech Challenged Non-Users
BASE:	604 %	180 %	110 %	225 %	89 %
<b><u>Q10--Media Read/Subscribed To</u></b>					
<b>Your Local Newspaper(s)</b>	<b>76</b>	<b>76</b>	<b>78</b>	<b>75</b>	<b>76</b>
World Wide Web/Internet	41	62	34	40	8
News Magazines -- Time, Newsweek, USN&WR	29	36	27	26	28
Entertainment Magazines -- Ent. Weekly, People, etc.	27	25	32	26	27
Women's Magazines -- Oprah, Rosie, Family Circle etc.	26	18	29	32	26
Sports Magazines such as SI or Inside Sports	21	28	19	17	18
Business Magazines -- Bus Week or Forbes	20	25	19	19	15
National Newspapers -- NY Times or USA Today	19	28	16	18	10
Fashion Magazines -- Allure, Elle, Cosmopolitan, etc.	17	17	22	15	16
Computer Magazines	13	26	14	6	2
<b><u>Q11--Radio Stations Listened To Regularly</u></b>					
<b>FM Music Stations</b>	<b>89</b>	<b>88</b>	<b>90</b>	<b>91</b>	<b>84</b>
All News Stations	32	37	32	28	28
AM Mixed Format Stations (Talk + News + Features)	29	26	29	29	36
All Talk Stations	24	25	20	28	19
AM Music Stations	20	15	22	18	31
All Sports/Sports Talk Stations	14	13	10	18	10
Financial News Stations	10	14	9	9	7

## Reaching The Attitudinal Segments (Cont'd.)

### Media Habits -- Print & Radio

	Total Non-Users	Tech Advanced Non-Users	Pressured Tech Users Non-Users	Experimental Hesitators Non-Users	Tech Challenged Non-Users
BASE:	604 %	180 %	110 %	225 %	89 %
<b><u>Q12--TV Programming Watched Regularly</u></b>					
Early evening news programs	66	66	63	65	75
All News cable -- CNN, Headline News, MSNBC	57	68	48	56	51
Late evening news programs	55	58	57	53	51
Non-Premium Cable Movie Channels such as AMC	51	57	43	51	49
Sports Programs (e.g. Tennis, Baseball, etc.)	48	53	44	48	42
Cable Family/Life Programs	46	47	48	44	47
Early evening investigative shows	39	43	39	35	41
Premium Cable Movie Channels -- HBO, Showtime, etc.	35	42	32	37	23
Early eve. enter. shows such as Entertainment Tonight	33	33	35	32	33
Early morning shows -- Today, This Morning, etc.	28	30	28	27	27
Late night talk or variety shows	28	34	21	28	27
Game shows	20	12	27	19	28
Later morning talk -- Regis & Kelly, Rosie, etc.	8	5	9	7	14
Afternoon soap operas	7	4	12	7	5



## The Behavioral Segments

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- In addition to the attitudinal measures in the study, we have two questions which are used to categorize Taxpayers into the IRS filing classifications (or “behavior segments”) of “Self-Simple”, “Self-Complex”, “Paid-Simple” and “Paid-Complex” -- which are key points of analysis of “hard” IRS Taxpayer data.
- It should be noted that these two questions are quite simple, asking only whether the respondent used a Paid Preparer or not and the extent of complexity of the return. As a result, the classification is not precise but an approximation, and the responses from each segment are not always entirely consistent with the “hard” IRS data. For example, this year...
  - 18% of Taxpayers classified themselves as Self-Simple (vs. 28% in the 2001 filing data)
  - 25% were Self-Complex (vs. 18% in the filing data)
  - 20% were Paid-Simple (vs. 21% in the filing data)
  - And 37% were Paid-Complex (vs. 34% in the filing data).

## The Behavioral Segments (Cont'd.)

- Although the classification is rough, the usage patterns we found in each segment were comparable to those found in the filing data for the same year (2001). The similarity of usage among respondents in our study (compared to all Taxpayers in the IRS data), gives us some confidence in analyzing the Attitudinal Study measures among the four behavioral segments.

SOURCE:	<b><u>Self-Simple</u></b>		<b><u>Self-Complex</u></b>		<b><u>Paid-Simple</u></b>		<b><u>Paid-Complex</u></b>	
	<u>THIS STUDY</u>	<u>IRS DATA</u>	<u>THIS STUDY</u>	<u>IRS DATA</u>	<u>THIS STUDY</u>	<u>IRS DATA</u>	<u>THIS STUDY</u>	<u>IRS DATA</u>
BASE:	184	32M RETURNS	245	20M RETURNS	197	24M RETURNS	374	39M RETURNS
	%	%	%	%	%	%	%	%
<b><u>Used in Past Year (2001)</u></b>								
Electronic Filing Using Tax Prof'l.	4	5	3	5	50	55	33	34
TeleFile	11	14	1	0	2	0	0	0
On-Line Filing	10	9	14	19	1	0	0	0
Paper	75	72	82	77	47	45	67	66



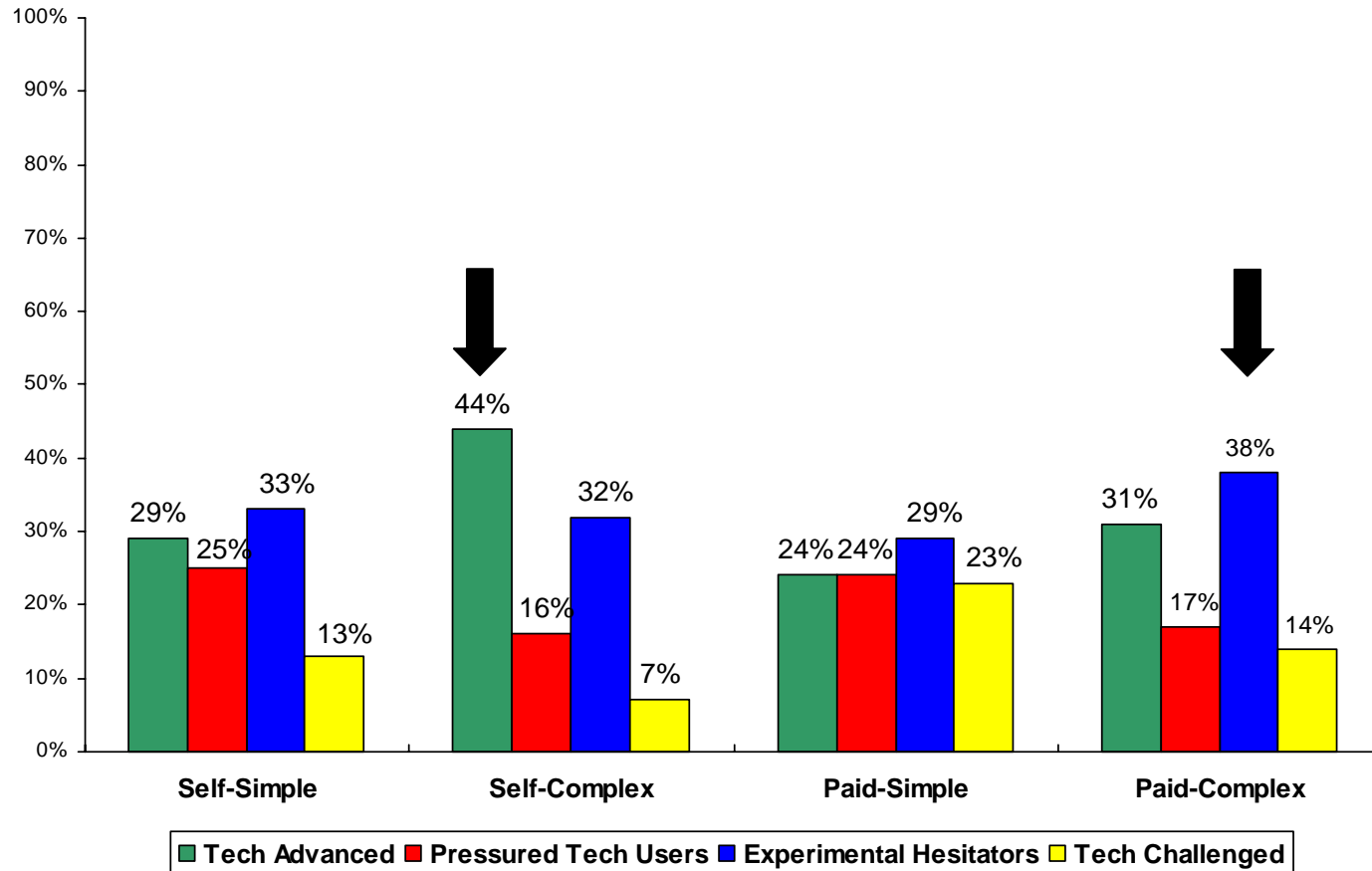
## Key Findings From The Behavioral Segments

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- In our analysis of the four behavioral segments, we focus on:
  - How the four *attitudinal* segments are distributed within each *behavioral* group.
  - And the levels of awareness, usage, and consideration of *e-file* products within each behavioral group.

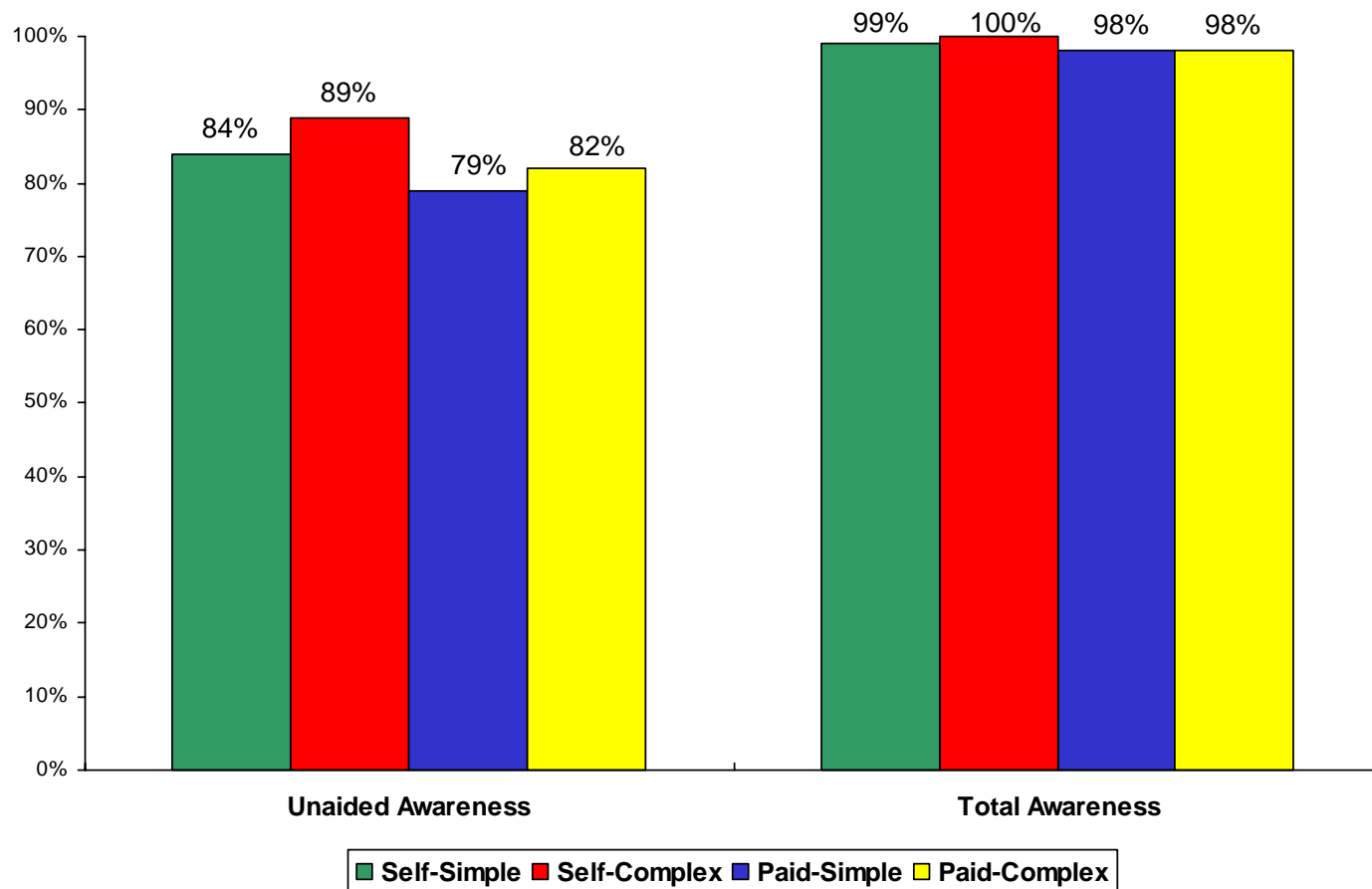
**In terms of how the attitudinal segments fall in each behavioral group, we found only two clear skews -- with the Self-Complex group including a disproportionate number of Tech Advanced and with the Paid-Complex segment including a disproportionate number of Experimental Hesitators.**

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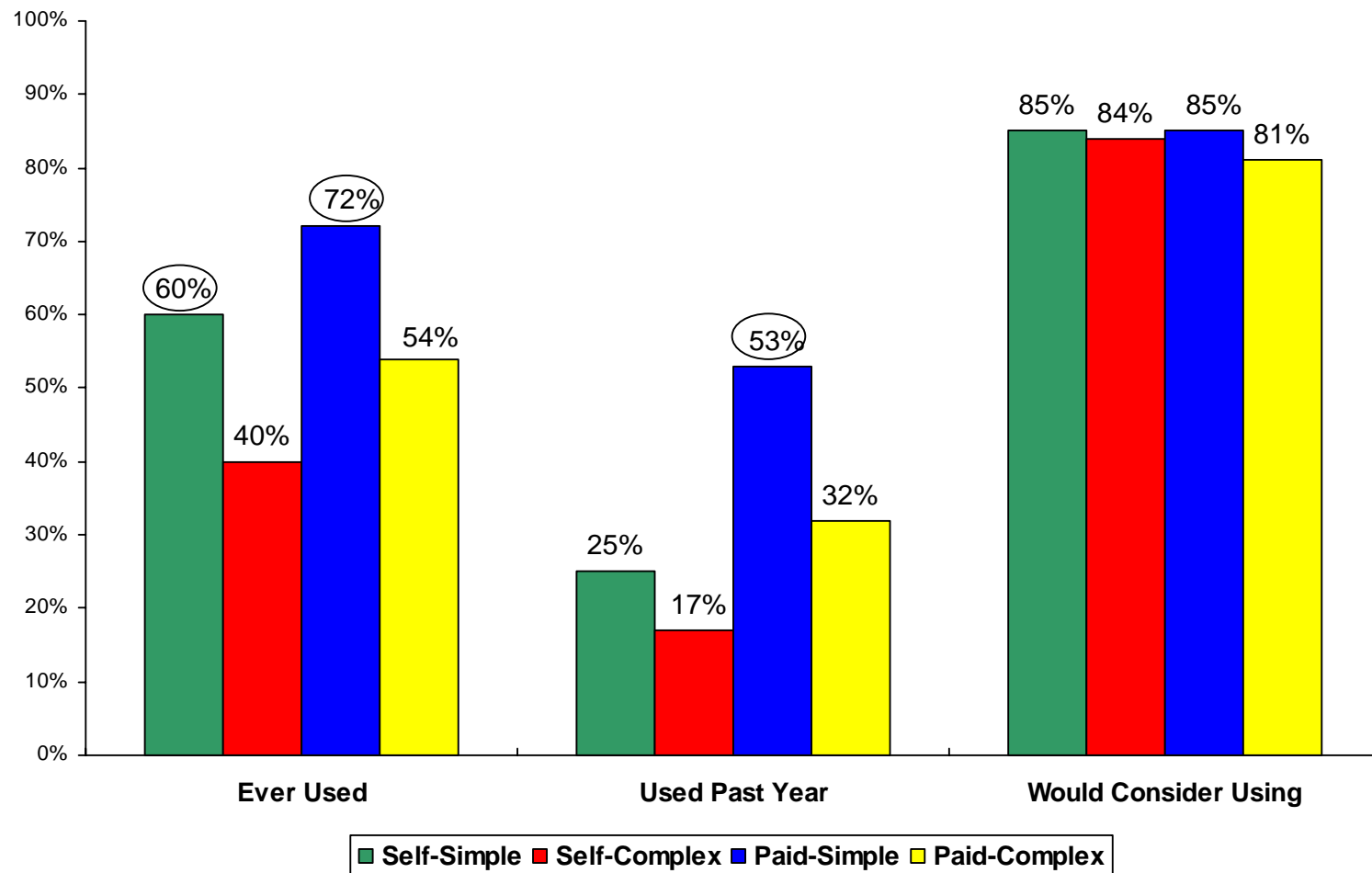
**Unaided net awareness of *e-file* products was very similar across the four behavioral segments, though with somewhat higher awareness among the Self-Complex. Total awareness (unaided plus prompted) was nearly universal in all behavioral groups.**

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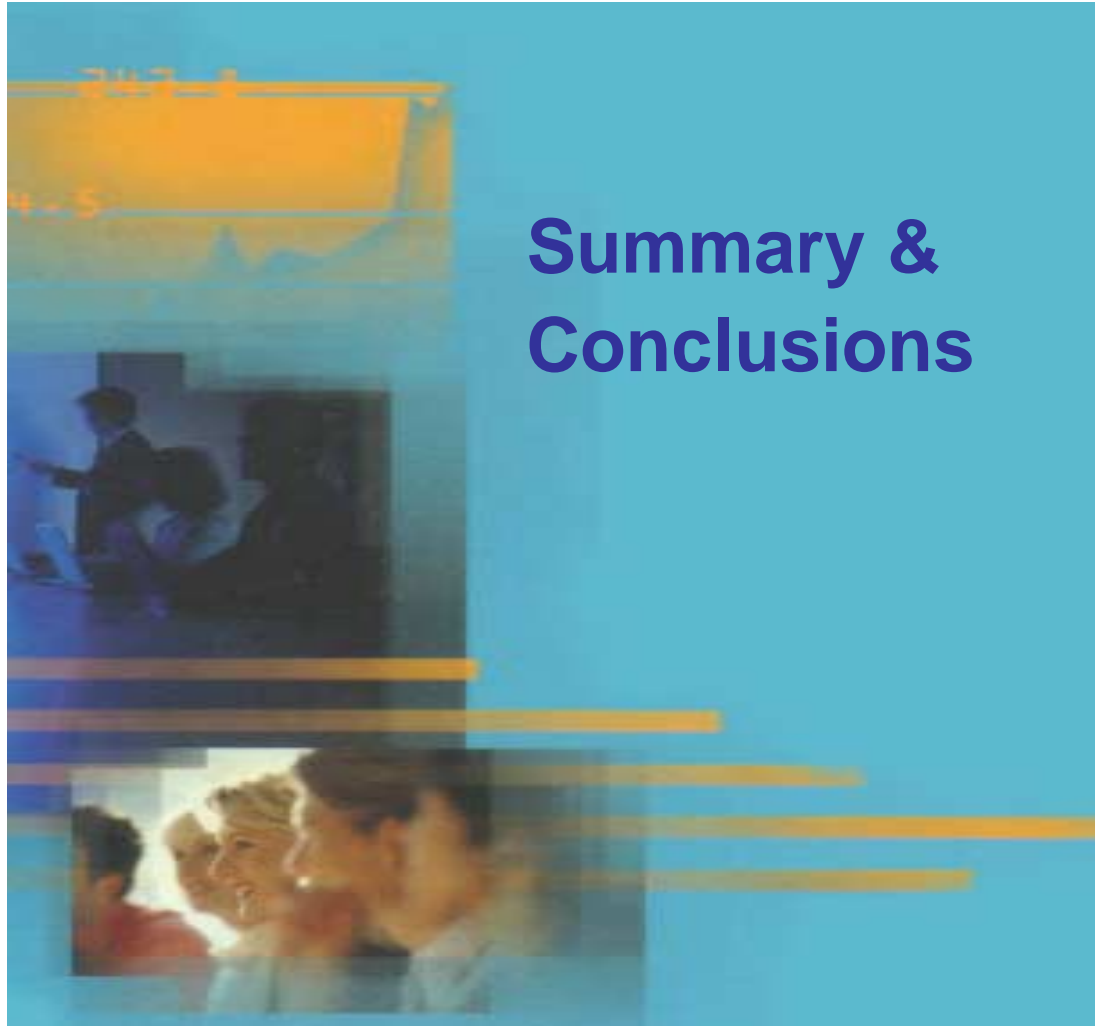


Finally, there were clear differences in trial and usage of *e-file*, with the Self-Simple and Paid-Simple groups having greater trial and with the Paid-Simple segment having more past year usage. However, consideration was very similar across the four behavioral segments.

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# Summary & Conclusions



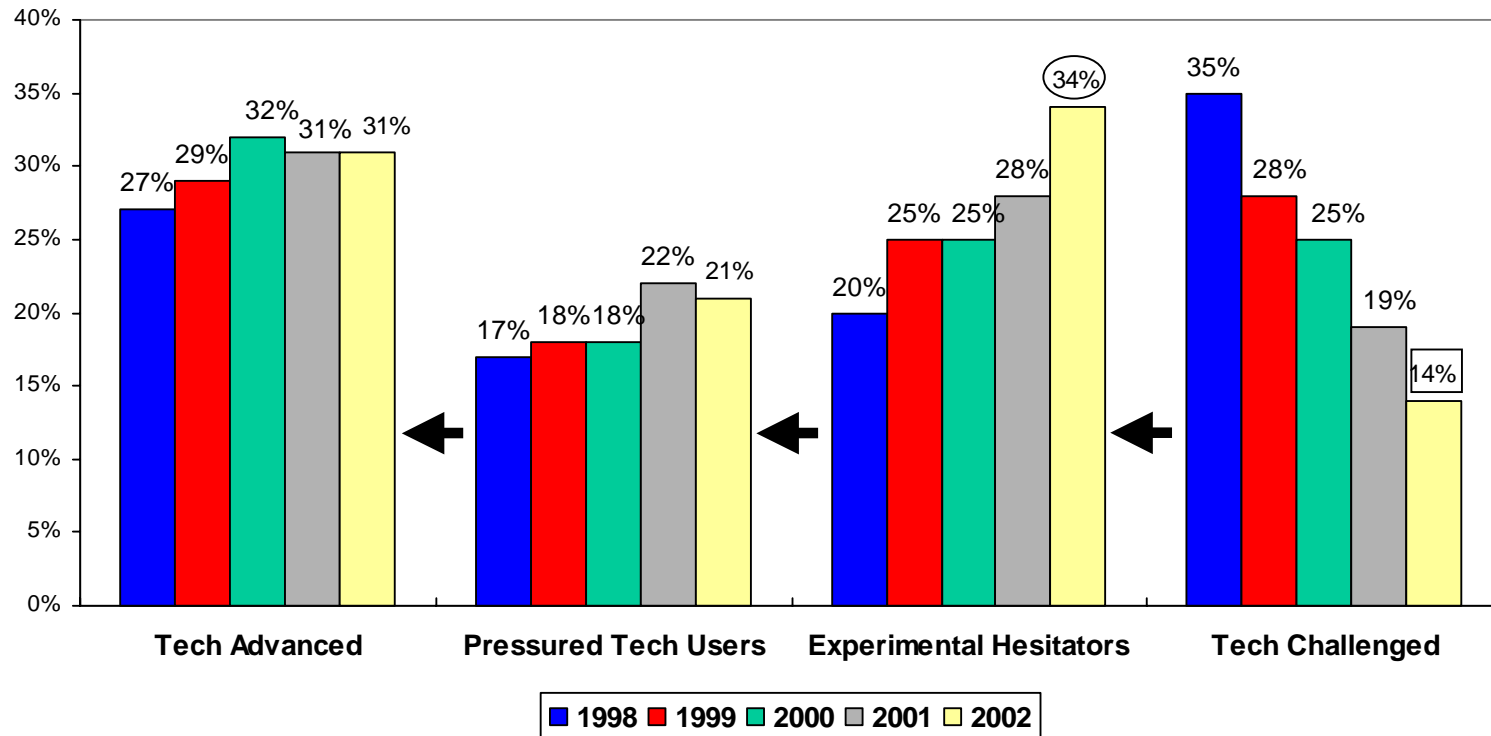
## Summary & Conclusions

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1. **Taxpayers & Technology**: Results show that some ambivalence toward technology persists (but mainly in the two tech-laggard segments), and that the long-term trend is clearly toward increasing Taxpayer acceptance of technology -- especially as usage of specific technologies increase.
  - Evidence of greater acceptance of technology lies in continuing *increases* in agreement with the “tech leader” statements and corresponding *decreases* in agreement with the “tech laggard” statements.
  - Increasing acceptance of technology is linked to increases in usage of technologies such as the Internet, e-mail, and PC usage for work, entertainment, and banking.
2. **e-file Product Awareness & Usage**: While this study is not used for *e-file* brand tracking, it does include a module of product awareness, usage, and consideration that serves as a point of analysis.
  - Results this year showed significant increases over last year in unaided awareness, trial, past-year usage, and consideration for use. Most of the *e-file* gains on these measures were driven by the Electronic Filing Using a Tax Professional product.

## Summary & Conclusions (Cont'd.)

3. **The Attitudinal Segmentation:** With increasing acceptance and usage of technology, we find that our four cluster groups are still changing in size -- with the movement over the past year occurring mainly between the Tech Challenged and Experimental Hesitators.



## Summary & Conclusions (Cont'd.)

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### 3. **The Attitudinal Segmentation** (Cont'd.)

In addition to the compositional differences between these four groups, we found differences on all descriptive measures, including:

- **Differences in filing behavior** -- some related more to income differences than to attitudes.
- **And differences in e-file awareness, trial, usage, and consideration** -- with the more tech-accepting segments (Tech Advanced and Pressured Tech Users) having consistently higher trial, usage, and consideration of *e-file* than the more tech-resistant segments.
- **The differences in trial, usage, and consideration underscore the importance of the two tech-forward groups** in the growth of *e-file* -- they total 52% of all Taxpayers and yet account for 59% of its past-year usage.
- **However, there also appears to be a strong opportunity for e-file among the Experimental Hesitators.** They are the largest of the segments (at 34%) and in addition to having high awareness of *e-file*, they have a propensity to use technology.



## Summary & Conclusions (Cont'd.)

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4. **Communicating With The Attitudinal Segments:** While this study does not explore communications strategies or test specific messages, it does yield the following learning about the thinking and behavior of Taxpayers which should be helpful in developing strategies and messages.
- **Tech Advanced** are almost completely accepting of technology and use lots of it. Skewed upscale, male and younger, they are financially driven and see themselves as innovative, daring, leaders, and quite comfortable with change.
  - **Pressured Tech Users** have accepted technology because they've had to, not because they want to be the first at it. Skewed female, younger, single-parent, and down-scale, they are stressed -- both personally and financially -- and seem likely to accept tools which will alleviate the stress.
  - **Experimental Hesitators** are not as driven or stressed (more "laid-back"). Skewed upscale, older and married with children, they're family-focused and make time for "the important things". And while they're not strong tech acceptors, they are relatively high in usage of technology.
  - **Tech Challenged** are highly resistant to technology. They don't trust it or want to try it and have very low usage of specific technologies. Skewed older and lower income, this is also a financially stressed group. But the main hurdle for *e-file* here would seem to be getting this group comfortable with any linkage of tax filing and computers.



## Methodological Appendix

## Methodological Appendix

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- Each wave of the study is conducted by telephone from RMR's national interviewing facility in Wayne, NJ. This wave of the study was conducted during the period of February 18 to March 13, 2002.
- The sample each year consists of a nationally representative Random Sample of approximately 1000 U.S. Taxpayers each year, drawn from a computer-generated random digit dialing (RDD) sample of listed and unlisted telephone households.
- To qualify for the study, Taxpayers have to be ages 18-64, employed, and must have filed taxes in the previous tax year (in this year's case -- 2001 for tax year 2000).
- Interviews are conducted during evening hours (5--9 p.m. in each time zone), with the interview averaging about 15 minutes per respondent. To assure that the survey is representative of the target audience, a high rate of response is achieved -- 66% in the 2002 study.
- Note: data are weighted to reflect the previous year's tax filing patterns by filing method. The reported use of filing methods in the survey tends to be naturally very close to actual patterns, so weights have only a very minor effect on data.
- In addition, as shown in the following chart, the demographic composition of the sample is very similar from year to year, though with a naturally increasing median HH income each year along with a decreasing presence of HHs with children -- both mirroring Census trends of the past five years.

## Demographic Composition Of Tracking Samples

BASE:	ETA Attitude Tracking <u>1998</u> 1017 %	ETA Attitude Tracking <u>1999</u> 1005 %	ETA Attitude Tracking <u>2000</u> 1000 %	ETA Attitude Tracking <u>2001</u> 1000 %	ETA Attitude Tracking <u>2002</u> 1000 %
<b><u>QA--Gender</u></b>					
Male	46	48	49	49	49
Female	54	52	51	51	51
<b><u>QB--Average Age</u></b>	40	41	41	40	41
<b><u>Q15--Marital Status</u></b>					
Married	62	60	60	56	57
Single	23	24	24	29	27
Separated, Divorced or Widowed	15	16	16	15	16
<b><u>Q13--Average HH Size</u></b>	2.9	3.0	2.9	2.8	2.8
<b><u>Q14--Presence of Children</u></b>					
Have Children	54	52	48	46	45
No children present	46	48	49	51	55
<b><u>Q17--Median HH Income (000)</u></b>	\$43K	\$47K	\$47K	\$49K	\$50K



## Detailed Descriptive Data For The Attitudinal & Behavioral Segments

## Detailed Tech Attitudes Of The 4 Segments

### Technological Leader Statements (% Agree)

BASE:	TECH ADVANCED			PRESSURED TECH USERS			EXPERI- MENTAL HESITATORS			TECH CHALLENGED		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	323	318	334	181	216	198	248	276	335	248	190	133
	%	%	%	%	%	%	%	%	%	%	%	%
Have a good idea of what the World Wide Web is	96	98	99	90	89	88	89	91	92	57	54	44
I think most technology can be trusted	82	81	78	66	62	72	54	47	56	53	49	46
Wish all government forms could be filed by computer	81	86	84	66	73	69	39	45	47	38	34	38
I'm one of the first to try new technology	74	73	79	56	53	52	38	40	36	35	29	29
The kind of person who needs lots of phone technology	61	59	54	48	48	48	29	36	34	34	50	35
If I could, I'd do all my financial dealings by computer	64	68	67	44	51	51	16	20	19	22	16	17
The easiest way to do banking is by personal computer	52	60	64	42	47	64	23	31	31	16	16	16
Rather e-mail friends/family than talk to them on phone	33	36	33	30	23	34	25	32	26	13	21	21

**BOLD RED=SCORES HIGH ON THIS ITEM; BOLD BLACK=SCORES NOTABLY LOWER THAN OTHERS.**

Q1 -- Agree Completely or Agree Somewhat With Each Statement



## Detailed Tech Attitudes Of The 4 Segments (Cont'd.)

### Technological Follower Statements (% Agree)

BASE:	TECH ADVANCED			PRESSURED TECH USERS			EXPERI- MENTAL HESITATORS			TECH CHALLENGED		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	323	318	334	181	216	198	248	276	335	248	190	133
	%	%	%	%	%	%	%	%	%	%	%	%
Most kids can handle new tech.; most adults can't	46	49	44	73	73	67	60	63	62	81	82	79
When you order by phone, you're really taking a chance	35	27	36	56	62	45	60	68	63	78	84	73
Should never put financial information on a computer	36	24	33	52	56	49	66	72	66	78	74	79
I cannot keep up with all the new technology	33	30	25	51	48	50	66	56	62	80	84	86
We control computers today, someday they'll control us	13	14	16	33	34	29	42	46	37	59	54	61
Can't imagine filing taxes except using paper returns	12	7	7	18	15	16	36	34	35	60	54	66
Computers scare me -- so much that can go wrong	10	4	9	23	22	19	31	35	29	58	60	60
I'm one who has no luck programming a VCR	15	12	12	16	22	16	31	33	32	42	44	49

**BOLD RED=SCORES HIGH ON THIS ITEM; BOLD BLACK=SCORES NOTABLY LOWER THAN OTHERS.**

Q1 -- Agree Completely or Agree Somewhat With Each Statement

# Detailed Segment Usage Of Technology

## Regular/Occasional Usage Of Each Technology

BASE:	TECH ADVANCED			PRESSURED TECH USERS			EXPERI- MENTAL HESITATORS			TECH CHALLENGED		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	323 %	318 %	334 %	181 %	216 %	198 %	248 %	276 %	335 %	248 %	190 %	133 %
Use of a telephone to order from a catalog	69	73	68	64	61	68	72	74	69	54	57	57
Use of a PC for work	83	84	86	73	70	77	79	77	80	24	31	36
Use of a PC for entertainment	74	82	80	73	78	70	63	71	69	24	26	21
Use of the Internet to search for information	91	93	96	86	88	85	84	87	89	27	31	39
Use of a Debit Card to pay for purchases	63	62	70	58	71	63	51	61	63	36	36	34
Use of a telephone for doing personal banking	58	62	69	62	64	57	51	61	59	28	34	31
Use of e-mail for personal correspondence	85	91	90	71	74	74	79	79	82	13	22	23
Use of e-mail for business correspondence	73	80	78	47	53	51	62	66	70	7	15	16
Use of the Internet to order products or services	67	85	79	38	51	56	46	54	61	11	10	19
Use of a PC for doing personal banking	35	44	50	21	32	35	18	23	27	4	6	2
Use of Government Websites	NA	67	72	NA	39	43	NA	43	55	NA	12	14
Use of Beeper/Pager	NA	34	35	NA	41	29	NA	32	29	NA	28	24
Use of Broadband, DSL, or cable modem	NA	39	47	NA	26	32	NA	39	37	NA	9	10
Use of a PDA, like a Palm Pilot	NA	25	26	NA	8	11	NA	9	14	NA	1	2

**BOLD RED=SCORES HIGH ON THIS ITEM; BOLD BLACK=SCORES NOTABLY LOWER THAN OTHERS.**

Q3--Use Each Technology



## Detailed Segment Psychographics

### Psychographic Statements (% Agree)

BASE:	TECH ADVANCED			PRESSURED TECH USERS			EXPERI- MENTAL HESITATORS			TECH CHALLENGED		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	323	318	334	181	216	198	248	276	335	248	190	133
	%	%	%	%	%	%	%	%	%	%	%	%
I like to be around people who are open-minded	99	99	98	99	98	98	97	98	94	97	94	96
Over next few years, my financial situation will improve	<b>98</b>	<b>97</b>	<b>93</b>	<b>88</b>	<b>90</b>	<b>90</b>	91	88	88	88	88	84
My family is my main source of satisfaction	90	84	83	91	87	85	<b>88</b>	<b>87</b>	<b>89</b>	<b>92</b>	<b>96</b>	<b>91</b>
I make time for things that are really important to me	<b>94</b>	<b>94</b>	<b>96</b>	<b>88</b>	<b>84</b>	<b>85</b>	91	91	93	88	92	90
I like to experiment with new ways of doing things	<b>95</b>	<b>94</b>	<b>94</b>	89	90	88	<b>76</b>	<b>82</b>	<b>82</b>	<b>77</b>	<b>77</b>	<b>73</b>
I need to remind myself to slow down and enjoy life	73	73	77	<b>89</b>	<b>90</b>	<b>90</b>	79	74	74	86	90	<b>81</b>
The world is changing too fast	<b>29</b>	<b>32</b>	<b>34</b>	<b>72</b>	<b>73</b>	<b>74</b>	<b>68</b>	<b>62</b>	<b>65</b>	<b>80</b>	<b>83</b>	<b>80</b>
I often worry about money	<b>47</b>	<b>47</b>	<b>52</b>	<b>79</b>	<b>87</b>	<b>84</b>	<b>52</b>	<b>55</b>	<b>56</b>	67	68	61
Like to be up on latest events, movies, fashions, etc.	<b>73</b>	<b>73</b>	<b>69</b>	58	58	54	57	56	55	52	60	61
Generally make decisions on what the group will do	<b>75</b>	<b>77</b>	<b>78</b>	51	50	47	53	57	53	54	59	56
I like to do a lot of entertaining in my home	<b>63</b>	<b>68</b>	<b>67</b>	<b>29</b>	<b>33</b>	<b>35</b>	49	52	50	<b>48</b>	<b>51</b>	<b>41</b>

**BOLD RED=SCORES HIGH ON THIS ITEM; BOLD BLACK=SCORES NOTABLY LOWER THAN OTHERS.**

Q9--Agree Completely or Agree Somewhat With Each Statement

## Detailed Segment Psychographics (Cont'd.)

### More Psychographic Statements (% Agree)

BASE:	TECH ADVANCED			PRESSURED TECH USERS			EXPERI- MENTAL HESITATORS			TECH CHALLENGED		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	323 %	318 %	334 %	181 %	216 %	198 %	248 %	276 %	335 %	248 %	190 %	133 %
I worry that I don't spend enough time with my family	32	36	40	<b>64</b>	<b>66</b>	<b>72</b>	43	42	35	53	54	43
Prefer to shop better stores -- though things cost more	<b>59</b>	<b>60</b>	<b>56</b>	<b>36</b>	<b>43</b>	<b>38</b>	51	46	44	51	45	45
Like to be in situations where unexpected can happen	<b>62</b>	<b>57</b>	<b>57</b>	<b>33</b>	<b>32</b>	<b>23</b>	38	36	34	34	28	30
I live from pay check to pay check	<b>22</b>	<b>27</b>	<b>18</b>	<b>69</b>	<b>69</b>	<b>69</b>	29	37	36	<b>59</b>	<b>56</b>	<b>52</b>
Having a lot of money is very important to me	<b>56</b>	<b>59</b>	<b>52</b>	40	48	49	<b>29</b>	<b>34</b>	<b>34</b>	<b>39</b>	<b>43</b>	<b>40</b>
It is the luxuries in life that make life worthwhile	30	32	26	24	25	21	<b>18</b>	<b>20</b>	<b>16</b>	<b>36</b>	<b>38</b>	<b>36</b>
Am more comfortable at computer than anywhere else	22	23	18	<b>28</b>	<b>25</b>	<b>31</b>	<b>12</b>	<b>14</b>	<b>9</b>	<b>5</b>	<b>8</b>	<b>6</b>

**BOLD RED=SCORES HIGH ON THIS ITEM; BOLD BLACK=SCORES NOTABLY LOWER THAN OTHERS.**

Q9--Agree Completely or Agree Somewhat With Each Statement

## Detailed Segment Demographics

			TECH ADVANCED	TECH USERS	EXPERIMENTAL TECH HESITATORS	TECH CHALLENGED
BASE:	TOTAL 1000 %		334 %	198 %	335 %	133 %
<b><u>QA--Gender</u></b>						
Male	49		60	42	45	45
Female	51		40	58	55	55
<b><u>QB--Average Age</u></b>	41		39	39	43	45
<b><u>Q15--Marital Status</u></b>						
Married	57		51	53	64	59
Single	27		33	29	21	22
Separated, Divorced or Widowed	16		15	18	14	19
<b><u>Q13--Average HH Size</u></b>	2.8		2.7	2.9	2.9	2.9
<b><u>Q14--Presence of Children</u></b>						
Have Children	44		40	51	44	39
No children present	55		59	48	54	60
<b><u>Q17--Median HH Income (000)</u></b>	\$50K		\$63K	\$38K	\$55K	\$39K
<b><u>Region</u></b>						
Northeast	28		26	27	27	36
Southeast	29		28	31	29	24
MidStates	23		23	22	22	24
Western	21		22	20	22	16

# Attitudinal Segment Awareness Of ETA Products

## Levels Of Awareness Of Tax Filing Methods

BASE:	TECH ADVANCED			PRESSURED TECH USERS			EXPERI- MENTAL HESITATORS			TECH CHALLENGED		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	323	318	334	181	216	198	248	276	335	248	190	133
	%	%	%	%	%	%	%	%	%	%	%	%
<b><u>Q4 -- Unaided Method Awareness</u></b>												
Self-Prepared Paper Return	79	78	79	72	80	73	81	76	77	57	58	66
Paper Return Using a Tax Professional	53	48	47	49	47	45	56	46	45	50	50	36
Electronic Filing Using a Tax Professional	51	51	45	43	43	42	40	45	44	27	32	36
On-Line Filing	54	54	65	49	48	53	52	55	62	30	28	45
TeleFile	30	30	26	27	33	22	25	25	20	17	15	16
<b>Net Mentions Of ETA Products</b>	<b>87</b>	<b>85</b>	<b>86</b>	<b>83</b>	<b>82</b>	<b>81</b>	<b>81</b>	<b>84</b>	<b>86</b>	<b>57</b>	<b>57</b>	<b>71</b>
<b><u>Q4+5--Total Method Awareness (Unaided + Aided)</u></b>												
Paper Return Using a Tax Professional	98	98	98	97	99	97	98	98	96	96	98	92
Self-Prepared Paper Return	99	98	98	98	99	97	99	97	98	93	94	94
Electronic Filing Using a Tax Professional	92	89	95	89	92	93	85	92	93	76	84	85
On-Line Filing	89	89	92	83	84	85	87	86	91	65	66	79
TeleFile	65	62	60	64	64	62	58	61	55	57	54	48
<b>Net Mentions of ETA Products</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>98</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>92</b>	<b>93</b>	<b>96</b>

# Attitudinal Segment Usage Of ETA Products

## Levels Of Usage Of Tax Filing Methods

BASE:	TECH ADVANCED			PRESSURED TECH USERS			EXPERI- MENTAL HESITATORS			TECH CHALLENGED		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	323	318	334	181	216	198	248	276	335	248	190	133
	%	%	%	%	%	%	%	%	%	%	%	%
<b><u>Q6--Methods Ever Used</u></b>												
Self-Prepared Paper Return	79	81	79	74	75	73	71	75	77	58	58	64
Paper Return Using a Tax Professional	61	56	(67)	61	65	62	69	66	63	74	72	71
Electronic Filing Using a Tax Professional	37	31	(40)	36	41	47	21	32	37	31	33	(44)
TeleFile	22	22	28	14	23	16	11	10	13	6	7	8
On-Line Filing	15	26	19	12	13	17	5	6	(14)	2	5	10
<b>Net Mentions Of ETA Products</b>	<b>57</b>	<b>57</b>	<b>61</b>	<b>49</b>	<b>59</b>	<b>61</b>	<b>33</b>	<b>39</b>	<b>(53)</b>	<b>38</b>	<b>39</b>	<b>(51)</b>
<b><u>Q7-- Method Used In Past Year (2000)</u></b>												
Paper Return Using a Tax Professional	34	31	28	28	30	26	46	36	37	46	46	43
Self-Prepared Paper Return	35	43	37	43	36	35	35	39	36	28	29	30
Electronic Filing Using a Tax Professional	20	15	(23)	22	22	27	13	21	21	22	24	24
TeleFile	7	4	(9)	4	8	5	5	3	4	3	1	3
On-Line Filing	3	7	4	3	4	7	1	2	2	1	1	1
<b>Total Mentions Of ETA Products</b>	<b>31</b>	<b>27</b>	<b>(36)</b>	<b>29</b>	<b>34</b>	<b>39</b>	<b>19</b>	<b>26</b>	<b>27</b>	<b>26</b>	<b>26</b>	<b>28</b>

# Attitudinal Segment Consideration Of ETA Products

## Consideration/Potential Of Tax Filing Methods

BASE:	TECH ADVANCED			PRESSURED TECH USERS			EXPERI- MENTAL HESITATORS			TECH CHALLENGED		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	323	318	334	181	216	198	248	276	335	248	190	133
	%	%	%	%	%	%	%	%	%	%	%	%
<b><u>Q8--Methods They Would Consider Using</u></b>												
Paper Return Using a Tax Professional	56	56	57	66	55	57	62	62	57	68	65	66
Self-Prepared Paper Return	54	54	50	51	49	44	50	49	48	44	41	49
Electronic Filing Using a Tax Professional	59	62	68	59	64	62	52	57	56	52	46	58
On-Line Filing	68	70	71	53	53	58	35	41	41	23	24	31
TeleFile	38	42	37	43	43	35	33	29	29	28	24	29
Net Mentions Of ETA Products	88	89	92	86	84	90	74	74	77	66	63	69

## Attitudinal Segment Filing Behavior

	<u>TOTAL</u>	<u>TECH</u> <u>ADVANCED</u>	<u>PRESSURED</u> <u>TECH USERS</u>	<u>EXPERIMENTAL</u> <u>HESITATORS</u>	<u>TECH</u> <u>CHALLENGED</u>
<b>BASES VARY:</b>	%	%	%	%	%
<b><u>Q. 8g - Type Of Return Filed</u></b>					
Basic Return With No Schedules Attached	48	42	57	45	59
Return With Schedules Attached	52	58	43	55	41
<b><u>Q. 8h - Additional Forms/Attachments Filed</u></b>					
Form 2106 – The Business Expense Form	12	15	6	14	9
Schedule “C”	12	18	10	12	5
Schedule “E”	5	8	3	5	2
Schedule “F”	1	1	1	2	1
<b><u>Q. 8c - Result of Tax Filing</u></b>					
Balance Due To The IRS	19	21	18	19	20
Received A Refund	72	72	73	73	71
Had A Zero Balance	4	5	3	4	7
<b><u>Q. 8d - How Paid the Balance Due</u></b>					
Automatic Withdrawal from a Checking/Savings	4	5	5	3	4
Credit Card	4	2	5	0	11
Wrote A Check	86	88	81	89	79
<b><u>Q. 8e - Method of Receiving Refund</u></b>					
Direct Deposit to Checking/Savings	31	38	32	29	14
Received A Check From The IRS	67	60	64	69	83
<b><u>Q. 8f - Did You Receive the Earned Income Tax Credit?</u></b>					
Yes	28	22	38	24	39
No	50	55	46	53	39
Don't Know	22	23	17	23	24

## Attitudinal Segment Filing Behavior (Cont'd.)

	<u>TOTAL</u>	<u>TECH</u>	<u>PRESSURED</u>	<u>EXPERIMENTAL</u>	<u>TECH</u>
<b>BASES VARY:</b>	<b>%</b>	<b>ADVANCED</b>	<b>TECH USERS</b>	<b>HESITATORS</b>	<b>CHALLENGED</b>
		<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b><u>Q. 8b1 - Method Of Preparing Paper Return</u></b>					
Pen/Pencil	48	42	53	46	56
On A Computer, Then Printed Out And Mailed	46	52	41	48	36
Can't Recall/Don't Know	6	6	6	6	8
<b><u>Q. 8b2 - Who Prepared Return</u></b>					
Paid Preparer	54	49	52	56	66
Self, Family Member, Or Friend	46	51	48	44	35
<b><u>Q. 8b3 - If Paid Preparer Above, Was the Preparer A...</u></b>					
Certified Public Accountant (CPA)	63	70	58	66	52
Other Tax Professional	23	16	26	21	35
Can't Recall/Don't Know	14	14	17	13	14
<b><u>Q. 8b4 - Did The Paid Preparer Offer e-file?</u></b>					
Yes	54	55	61	50	55
No	34	34	26	38	33
Can't Recall	12	12	13	12	12
<b><u>Q. 8i - If You Have A State Income Tax, Is There A Federal/State e-file Tax Option?</u></b>					
Yes, Had A Fed/State e-file Option	36	40	36	38	24
No, Did Not Have A Fed/State e-file Option	14	17	15	12	15
No State Income Tax	7	7	7	9	5
Don't Know	42	36	42	42	56



## Awareness Of Tax Filing Methods Among Behavioral Segments

BASE:	Total			-----BEHAVIORAL SEGMENTS-----											
	2000	2001	2002	Self-Simple			Self-Complex			Paid-Simple			Paid-Complex		
	1000	1000	1000	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<b><u>Q4--Unaided Method Awareness</u></b>															
Self-Prepared Paper Return	73	74	75	79	86	83	86	87	88	57	59	62	69	66	71
Paper Return Using a Tax Professional	52	48	44	33	37	40	44	43	41	59	56	42	64	54	51
<b>Electronic Filing Using a Tax Professional</b>	<b>41</b>	<b>44</b>	<b>43</b>	<b>30</b>	<b>38</b>	<b>39</b>	<b>44</b>	<b>46</b>	<b>44</b>	<b>44</b>	<b>42</b>	<b>46</b>	<b>43</b>	<b>49</b>	<b>43</b>
<b>On-Line Filing</b>	<b>47</b>	<b>48</b>	<b>59</b>	<b>49</b>	<b>51</b>	<b>65</b>	<b>56</b>	<b>59</b>	<b>67</b>	<b>37</b>	<b>38</b>	<b>55</b>	<b>44</b>	<b>44</b>	<b>51</b>
<b>TeleFile</b>	<b>25</b>	<b>27</b>	<b>22</b>	<b>41</b>	<b>42</b>	<b>32</b>	<b>25</b>	<b>28</b>	<b>25</b>	<b>18</b>	<b>21</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>14</b>
<b>Net Unaided Mentions of ETA Products</b>	<b>77</b>	<b>79</b>	<b>83</b>	<b>75</b>	<b>84</b>	<b>84</b>	<b>87</b>	<b>87</b>	<b>89</b>	<b>68</b>	<b>69</b>	<b>79</b>	<b>77</b>	<b>75</b>	<b>82</b>
<b><u>Q4+5--Total Method Awareness (Unaided + Aided)</u></b>															
Self-Prepared Paper Return	97	97	97	99	99	98	100	100	99	95	94	93	96	96	97
Paper Return Using a Tax Professional	97	98	96	97	96	93	95	99	96	96	99	96	99	99	99
<b>Electronic Filing Using a Tax Professional</b>	<b>86</b>	<b>89</b>	<b>92</b>	<b>82</b>	<b>86</b>	<b>89</b>	<b>88</b>	<b>89</b>	<b>94</b>	<b>85</b>	<b>93</b>	<b>94</b>	<b>87</b>	<b>91</b>	<b>94</b>
<b>On-Line Filing</b>	<b>82</b>	<b>83</b>	<b>88</b>	<b>79</b>	<b>87</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>96</b>	<b>76</b>	<b>75</b>	<b>82</b>	<b>79</b>	<b>77</b>	<b>84</b>
<b>TeleFile</b>	<b>61</b>	<b>61</b>	<b>57</b>	<b>86</b>	<b>73</b>	<b>70</b>	<b>63</b>	<b>65</b>	<b>61</b>	<b>54</b>	<b>57</b>	<b>54</b>	<b>50</b>	<b>51</b>	<b>46</b>
<b>Net Total Mentions of ETA Products</b>	<b>97</b>	<b>98</b>	<b>99</b>	<b>98</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>97</b>	<b>97</b>	<b>98</b>	<b>96</b>	<b>97</b>	<b>98</b>

## Levels Of Usage Of Tax Filing Methods Among Behavioral Segments

BASE:	Total			-----BEHAVIORAL SEGMENTS-----											
	2000	2001	2002	Self-Simple			Self-Complex			Paid-Simple			Paid-Complex		
	1000	1000	1000	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<b><u>Q6--Methods Ever Used</u></b>															
Self-Prepared Paper Return	71	73	75	91	92	94	95	95	97	51	54	49	54	57	63
Paper Return Using a Tax Professional	66	64	65	36	33	45	42	49	38	79	79	75	91	90	90
Electronic Filing Using a Tax Professional	31	34	41	19	21	29	19	20	15	48	53	68	37	41	48
TeleFile	14	16	17	37	29	25	12	16	26	6	11	10	6	7	11
On-Line Filing	9	13	16	8	19	27	16	22	13	4	10	15	7	7	8
Net Mentions Of ETA Products	45	49	57	53	49	60	35	42	40	54	60	72	42	47	54
<b><u>Q7--Method Used in Past Year (2001)</u></b>															
Paper Return Using a Tax Professional	39	35	33	8	4	4	6	5	3	55	54	46	68	67	64
Self-Prepared Paper Return	35	37	35	64	71	71	81	79	80	6	8	1	5	3	2
Electronic Filing Using a Tax Professional	19	20	23	5	6	4	5	5	3	36	37	50	27	30	23
TeleFile	5	4	5	20	13	10	3	1	14	2	1	1	0	1	6
On-Line Filing	2	4	4	2	6	11	5	10	1	1	1	2	1	0	4
Net Mentions Of ETA Products	26	28	32	28	24	25	3	17	17	39	38	53	28	31	32

## Consideration/Potential Usage Of Tax Filing Methods Among Behavioral Segments

BASE:	Total			-----BEHAVIORAL SEGMENTS-----											
	2000	2001	2002	Self-Simple			Self-Complex			Paid-Simple			Paid-Complex		
	1000	1000	1000	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<b><u>Q8--Methods They Would Consider Using</u></b>															
Paper Return Using a Tax Professional	62	59	58	46	45	51	46	46	41	75	64	63	75	75	70
Self-Prepared Paper Return	50	49	48	71	70	66	76	68	72	31	33	31	32	30	31
Electronic Filing Using a Tax Professional	55	58	61	43	48	50	42	48	42	67	68	73	65	66	74
On-Line Filing	46	49	52	47	61	62	63	65	71	40	39	37	37	36	44
TeleFile	35	35	33	56	52	43	36	38	29	32	27	35	25	23	25
<b>Net Mentions Of ETA Products</b>	<b>79</b>	<b>79</b>	<b>83</b>	<b>81</b>	<b>80</b>	<b>85</b>	<b>79</b>	<b>84</b>	<b>84</b>	<b>82</b>	<b>78</b>	<b>85</b>	<b>76</b>	<b>75</b>	<b>81</b>

